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THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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BETTER MARKET FOR WHEAT WILL HELP BUSINESS

Better Sentiment Prevails As Crop Prospects Improve

A BANKER'S OPTIMISM

General Manager Bell of Bank of Hamilton Tells Retail Hardware Dealers Better Times Ahead

Nothing could be more important with regard to the general business prospects throughout Canada than the marked advance in the market for wheat and strengthening of prices for other agricultural products. The immediate material benefit is not widespread but the advance is a reflection of developments which promise to affect the value of Canada's next harvest and an improved sentiment is the result with the farmer encouraged to expand his operations where possible. Two factors seem to be at work. In the first place the condition of the winter wheat crop, comprising about 45,000,000 acres in North America of which the proposition in Canada is very small, is low while there are evidences of returning buying power on the part of wheat importing countries.

With the prospects improving for a profitable crop next harvest there is a better sentiment in commercial and industrial circles because it is realized that throughout the country stocks have generally been reduced to a low state and with bare shelves the revival of demand on the retailers will be quickly reflected in orders. Already some reports from Eastern distributing centres in agricultural districts indicate that people are buying more freely and while no buying rush is anticipated an improvement is noted, especially where it is evident that prices have been brought to a level where it is realized that real value is being given.

However, it is to be hoped that any rise in value of agricultural products will not check the process of re-adjustment in regard to manufactured products, because prices of many goods are still considerably out of line, particularly where labor is an important factor, it is regarded as important that there should be further reductions. This situation is referred to by Hayden, Stone & Co.:

> It is an impossible situation when the wage cost plus the cost of raw material is greater than the value of the finished article. No industry is going to run indefinitely at a loss. Already we have seen what continued opposition to wage reduction has done to the New England shoe industry, which has actually reached the point where Western-made shoes can be purchased for less than it costs to make them here. If the same policy is pursued by the textile operatives we may be sure to see the same result.
>
> It is the same old story—that it is not so much a question of money wage as what wages will buy. A decrease in money wages would soon be offset by greater purchasing power. The economic facts of the situation are so clear that it does not seem possible that wage trouble can be of long duration.

BANKER IS OPTIMISTIC

At the annual convention of retail hardware merchants at Hamilton, J. P. Bell general manager of the Bank of Hamilton, spoke in an optimistic vein regarding the situation and outlook:

> We have our troubles here in Canada but they are nothing like so severe as they are in other parts of the world. They are the lesser problems of growth resumed. We have no war currency to deflate. Our budget is approaching a balance. In foreign trade our position is stronger than ever. Our field crops show an increase and we are producing —and no other country in the world can point to all these factors in February, 1922.

Sterling exchange continues its upward course, touching the highest levels for several years past. Then again Canadian funds have also touched new high levels, which may be accounted for by the fact that there is the prospect of re-organization of finance through a large Dominion bond issue; The purchase of Canadian internal bonds by United States investors; the large wheat shipments from Canada to the United States have had a favourable effect

Big Export Orders For Atlantic Sugar

MONTREAL.—A sharp turn has taken place in export demand for Atlantic Sugar Refineries and big orders for England are enabling the plant to produce to the limit of its capacity or about one million pounds daily. The report covering the past twenty months will be issued shortly, but as this will take in the very severe losses of the latter half of 1920, it naturally will be an unfavorable one.

Western Builders Plan To Cut Workers' Wages

The Western Building and Construction Industries in convention at Calgary, issued a statement that labor will be asked to accept reduced wages. The resolution read as follows:

> "Whereas the present scale of wages is not in the best interest of the building and construction industries in general, this convention does earnestly request that labor will co-operate with us to the fullest possible extent by agreeing to work longer hours per day during the favorable working season."

U.F.O. Place Twine Order In Ireland

The United Farmers of Ontario have placed an order for 2,000 tons of binder twine with the Belfast Rope Works, Belfast, Ireland, according to an article giving all details, in Hardware and Metal this week. The Belfast maker is to supply the twine at a price which will not be known until Canadian makers name their prices for the season. The U. F. O. are said to be protected, and it is understood that the protection means a margin of ¾ to 1c per pound lower price than the lowest prices named for the season by Canadian manufacturers. Three grades of twine will be marketed in 550 ft., 600 ft. and 650 ft. lengths. The value of the order based on last year's prices would amount to over $700,000. Lower prices this year will reduce the figure somewhat, but in all probability the value of the goods bought, will run over $500,000. There is no tariff on binder twine.

It is understood that the management carries practically the whole output of the Belfast Rope Works and the Ontario Farmers may sell a portion of the total import to farmer organizations in other provinces.

Outbids U. S. Firms On Remodeling Steamer

The Wallace Shipyards, Vancouver, has been awarded the contract for alterations and improvements in the American steamer, Admiral Farragut. This was in direct competition with Seattle, San Francisco and Tacoma. The successful bid was $63,000 in Canadian funds, the difference between the Wallace bid and those from the south ranging as high as $40,000. The Admiral Farragut is owned by the Pacific Steamship Company.

The British Columbia lumber industry expects to get back into something like its normal stride this year. Reduction in freight rates, coupled with a general improvement in Eastern demand, is an important factor. The Atlantic coast of the United States is buying much lumber from this province, the Boston market alone sending in orders for 250,000 feet almost every week.

Another Million of Dominion Textile Bonds

From Our Own Correspondent

MONTREAL.—A further bond issue has been made by the United Financial Corporation of $1,000,000 for the Dominion Textile Co., similar to the one of $407,000 a few weeks ago. The sale was private.

WHEAT LEAVES CANADA

ST. JOHN.—Up to recent date the Canadian Pacific had delivered since the opening of winter navigation 4,285,903 bushels of grain at this port, as compared with 3,473,545 for the same period last season. Over a million bushels are still held in the elevators at West St. John.

WHEN THE DEVIL WAS ILL THE DEVIL A MONK WOULD BE

We have been under the impression that Lenine and Trotsky were a couple of extremely clever, unscrupulous hypocrites for whom the world was handpicked by the Germans and certain allies, which they officially admit, and sent to head a movement for which plans had been carefully made, to take Russia out of the war and to place that country's wealth and resources in the hands of the promotion syndicate. By slogans and popular theories of handing the properties of the classes to the masses they made a great hit. They themselves, of course, never believed in any such ideals. They got their rivals and opponents out of the way by a gigantic system of organized murder. They prolonged the war and in that way were responsible for the killing and maiming of thousands of Canadian boys. Since the war they have carried on a persistent campaign for creating discontent in Canada—particularly among the wage earners to prevent their working.

Having looted Russia to the limit they are throwing down their dupes, the Bolshevists, blaming them for the wrecking. They are just like groups of financial highwaymen with which trusting investors here are too familiar. They are asking the world to come in and assist them to re-organize the company, buy more bonds. Their first offerings did not meet with success. The public was suspicious of the looters. They called back the proposals and proceeded to sugar-coat them; to put the public in a more friendly frame of mind for their reception. Their new propaganda was designed to show that the looters were really very great, kindly, in fact, saintly, men; public benefactors who had suffered from the actions of unscrupulous employees. It is true, Lenine and Trotsky admit, thousands of good Russian men were murdered and many more thousands of gentle women and girls raped but that was an error of judgment. They are repentant. They are sorry. They are changing the system. The murder-rape policy is being gradually abandoned. The sugar-coating is the linking up of "Save the Children Famine Fund" with the whitewashing of Lenine-Trotsky. A big hearted genial Canadian, Colonel Mackie, rancher, contractor, promoter, recently made a flying visit to Russia and has come back full of the saintliness of the reformed Lenine-Trotsky crew of murderous highwaymen and the good things they have done and are going to do for Russia—and the old story of prospects of big buying orders for Canada and Russian concessions for Canadians. Under the auspices of "Save the Children Fund" the gallant Colonel has set himself the task of correcting Canadian beliefs in the unsavory characters of these men. By keeping their thoughts on the children he has succeeded in getting official recognition of the Prime Minister and of Mr. Meighen, leader of the Opposition, with the result of renewed activities of the Bolshevist agents and newspapers and sympathizers in all parts of Canada.

We would be sorry to misjudge Colonel Mackie, but the fact is that so far all his utterances and interviews are about one-tenth famine relief and nine-tenth rehabilitation of Lenine-Trotsky. It is rather a coincidence that over two months ago a propaganda sheet issued by the Berlin Bolshevik agency told of this plan —boasted of its success in developing the appeal for famine relief into a big campaign for the financing of Soviet Russia by western capital. Now they will boast that the Canadian Parliament is giving them moral recognition. Is this fair to Canadians?

American Financiers Demand Reorganization

NEW YORK.—While definite information regarding the reorganization plans of the Canada Steamships management, is difficult to obtain here, the activities of one of the corporation's directors, who has been in the city for several weeks, have given rise to certain well defined rumours which probably contain at east a modicum of truth.

According to one Canadian banker, who is known to be rather close to the negotiations now taking place in this city, in connection with possible participation of a syndicate of American capitalists in the management of the corporation's affairs, the first step in the reorganization proceedings, if the Americans get their way, will be a drastic financial reorganization. This will involve a new and a much lower valuation of the corporation's steamers and a cut in the corporation's present capitalization, which will probably wipe out the equity of the common shareholders. It is believed that the holders of the preferred will be protected although they will probably receive much less than the present nominal quotations for the shares on the Canadian exchanges for their holdings.

So far as the "trust" is concerned, it is believed that the reorganization will enable the corporation to shake off the hold of the two residents of London who through this trust are able to dictate its policy.

Millions of Easy Money: Shareholders Paid Piper

ADDITION AND SUBSTRACTION

Cost to group of Iver Heat, about	$1,000,000
Profits on Ocean Trips, about	900,000
Net Cost, about	$ 100,000
Sold to Can. Steamship Lines for	$2,040,000
Profits on Sale, about	$2,000,000
Admitted Value of Boat, June 1921	$ 960,000
Loss at that date to C. S. L.	$1,080,000
Value to-day, about	$ 600,000
Loss to Canada Steamship Lines	$1,440,000

Note—$2,000,000 would pay preference dividends for nearly 2½ years. $1,440,000 would pay preferred dividends for nearly two years.

Let us come back again to the "Iver Heath" affair, as an incident in Canada Steamships' history on which we believe the company's shareholders and the investment public will be anxious for informaton. This information the president of Canada Steamshp Lines, J. W. Norcross, is in a position to give without awaiting the report of the experts now investigating the company's affairs. Perhaps the president will inform us whether the following story is substantially correct:

After the Lake Manitoba had been burned and abandoned by the underwriters it was bid in at a price of some $75,000—say under $100,000—to cover all expenses. It was taken to Halifax shipyards and repaired. The charge mentioned for this is between $800,000 and $900,000.

This would give place the Lake Manitoba, now re-christened the "Iver Heath," all ready for an ocean voyage, at a total cost to the purchasers of under $1,000,000. We believe you, Mr. Norcross, were a prominent member of the purchasing group.

Next appeared the "Bishop Navigation Company" through which bonds were issued to the extent of $1,000,000, most of the proceeds of which went to meet the bill of Halifax shipyards, of which you were president.

Then for business—good fat ocean freight business—in which the very first trip is said to have paid far over half the cost of the Iver Heath. We would estimate all but about $100,000 of the whole cost as being wiped out in the next few months by those remunerative ocean trips.

The late fall of 1919 drew on and the peak of profits on the ocean had been passed. The Canadian Merchant Marine was still ordering boats at high prices, but somehow or other we hesitate to accept this as a reliable market indication. We never like mixing up Government ownership figures with strict business.

At this point Canada Steamship Lines would appear to have loomed on the horizon as a possible medium for capitalizing those freight profits that had almost wiped out the cost of a 12,000 ton ocean vessel.

The next act represents Canada Steamship Lines, the company of which you were then, and are now, president, as a purchaser. We are informed that this boat was sold to Canada Steamship Lines for $2,040,000, at the rate of $170 a ton, there is an impression in some quarters that the price paid was $175 a ton, making a total cost to the company of $2,100,000. We will let it go at the former figure; what is $60,000 in a family affair like this?

Was the peak of profits passed when, late in the fall of 1919, the "Iver Heath" was sold to Canada Steamship Lines? Our information is that in a couple of trips following the purchase the total earnings were considerably less than one-half what this boat made for the "Bishop Navigation Company" in a single trip. We are informed also that during the past thirteen months or so this boat has been lying idle practically the whole time at Antwerp, Avonmouth eating its $2,000,000 head off.

Let us examine with you that $2,000,000 price you paid for this boat.

(Continued on page 16)

Says Hydro Sacrifices Small Municipalities

By GEORGE L. HOXIE*

Research Engineer, Reporting For the Southern California Edison Company**

It is evident that, under the present Hydro system in Ontario, enormous power lies in the hands of the original designer of a scheme of lines, either to favor, or to destroy, the prospects of industrial development in whole communities. It is also evident that the system gives cheap rates to large towns and towns on main lines and rates two or three times as high to small towns, especially if served by branch lines. This not only forces concentration of population but makes it impossible to develop industry in small towns. The community as a whole, outside of a few large towns, must inevitably stagnate industrially. Since the assumption of power supply by the government puts an economic prohibition on new competitive enterprise, such condition must be as permanent as the rate-making scheme itself.

Under the Commissions system of allocating charges, the economic limit of extension has already been approached; a municipality beyond the end of one of the relatively short lines being only servable if it assume not only its proportion of all costs of power at the point where power now is, but assume also the total cost of taking the power farther.

Anyone familiar with power business in the United States need only glance at a map of electric supply in Ontario to observe that the area now served by nine systems, only three of which are interconnected, is of very modest extent and should be served, in order to be well served, by a single unified network of lines, all connected to Niagara, with local water powers feeding into the general system, and with some system of rates that shall not penalize communities lying a little way off from existing lines to such a point that their service is impossible. Such a system by its interconnections would enormously improve service at many points and by its diversity would result in a considerable economy of generating capacity. The immediate drawback is the difference in frequency—25 cycles on the Niagara system and mostly 60 cycles elsewhere. The improvement in service, however, and particularily introduction of the feasibiity of *complete* service—to all points within reasonable distance of Niagara, would seem to justify the Province in facing obsolescence frankly, changing over its smaller plants, building trunk lines, and making such increases in rates as would meet the proper costs. It is coming to be recognized that good service is far more important than cheap rates. Ontario as a whole is entitled to good service at lowest cost from its greatest natural resource. Niagara does not belong exclusively to Toronto and cities along the present relatively short trunk

(Continued on page 4)

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*GEORGE L. HOXIE is a graduate mechanical engineer of Cornell University 1892, an M. M. E. of 1897, and Ph. D. of 1902 of the same university; he acted as professor of mechanics, industrial drawing and physics and instructor in electrical engineering in Cornell University; he was with Westinghouse, Church, Kerr & Company for several years until 1904, when he established in New York as an engineer and contractor in independent practice. He is a member of the American Society of Mechanical Engineers, a member of the American Institute of Electrical Engineers and an author of text books on electrical machinery.—Who's Who in America.

THE SOUTHERN CALIFORNIA EDISON COMPANY is the greater Edison corporation operating a comprehensive system for the generation, transmission and distribution of electric energy throughout Southern California and the San Joaquin Valley covering an area of 55,000 square miles, having a population of more than 1,500,000. The company **serves 233 cities and towns with electricity, including Los Angeles, Pasadena, San Bernardino, etc. It has 17 water power plants with a capacity of 219,500 horse power and 7 steam stations with a capacity of 135,200 horse power. The company has assets of $122,140,000 (end 1920).—Poor's Manual Public Utilities.

RISE OF DOLLAR IS ADVERTISEMENT FOR US IN N.Y.

This Alone Would Make Flotation of Loan Easy Across Line

WHO'S BUYING FUNDS?

Story Will Not Down That Interests Close to Canadian Government are Buying Exchange

From Our Own Correspondent

OTTAWA.—No decision has yet been reached by the Finance Department as to the forthcoming loan which will be required to meet the maturing 1922 Victory Bond issue in the fall. This will call for about $182,000,000 and in addition there are the ever-present railway deficits and capital expenditures upon the roads, the additions to the national debt, the Merchant Marine deficits and other requirements. The general impression is that a loan of about $300,000,000 will be asked for. The plan suggested recently in FINANCIAL POST is under consideration for dividing this up, making an issue of $150,000,000 each in Canada and the United States. Some pressure is being brought to bear on the Government in the form of advice to make an issue within the near future as bond market conditions have proved favorable.

The rate of the new loan is also unsettled but it seems unlikely that it can yet be floated successfully at a rate under five and one-half per cent., the prevailing rates of the Victory Loans and one-half of one per cent., above the 1917 war loans. A five per cent. loan would have to sell considerably under par unless it were made a long term issue. Even then it would be in competition with the 1933 and 1937 issues and would be taxable where they are exempted from taxation, making a very serious competition. Five per cent. money for the Dominion does not yet seem in sight.

NEW YORK.—Canadian bankers in close touch with the foreign exchange market are more or less convinced that the impending $100,000,000 Dominion of Canada loan to be floated in the United States has not a little to do with the recent unusual strength of the Canadian dollar in New York. While at times recently the foreign exchange traders of the Canadian banks with offices in New York have been inclined to believe that the Dominion's agents were actually buying funds in the Canadian exchange market in anticipation of the loan, lately they have been unable to obtain much ground for this belief. If any Dominion Government buying of New York dollars is taking place in the Canadian exchange market, it is being done most carefully. If it is taking place, and there is of course always a possibility that it is, it is being done in ways which do not permit of any conclusions being drawn by those outside the inner circle, as to the purpose of the buying. It is possible that agents of the Dominion in New York are slowly accumuating New York funds created by the sale in this market of Canadian commodities. If this is the case it would according to Canadian bankers here be difficult to keep track of the funds which the Dominion's agents bought but did not re-sell. If this method of acquiring large blocks of New York funds were used it would be possible to accumulate good balances here without causing any marked disturbance of the Canadian exchange market.

Loan Chief Factor

But while it is quite probable that funds are being slowly accumulated in New York in some such way by the Dominion in anticipation of the expected loan, the better informed Canadian exchange traders are of the opinion that the Dominion's bankers have so far not entered the exchange market to any great extent. But in spite of this belief they still regard the anticipated loan as the chief factor in the Canadian exchange market in New York. The fact that this loan is hanging over the market is serving to restrict selling of Canadian dollars. Owners of Canadian funds of course fully appreciate the effect of the flotation of such a large loan would have on Canadian exchange. They believe that it would unquestionably send the Canadian dollar back to par, at least temporarily, in this market. Until something very definite is known regarding the anticipated Dominion loan, those who can, are tenaciously holding onto their Canadian dollars.

And incidentally, in the meantime, the strength of the Candian dollar

(Continued on page 12)

Business with the West Indies

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Union Bank of Canada

DIVIDEND No. 140

Notice is hereby given that a dividend at the rate of 10% per annum upon the paid up capital stock of the Union Bank of Canada has been declared for the current quarter, and that the same will be payable at its Banking House in the City of Winnipeg, and also at its branches, on and after Wednesday, the first day of March, 1922, to shareholders of record at the close of business on the 13th day of February next.

The Transfer Books will be closed from the 14th to the 28th day of February, both days inclusive.

By order of the board.

H. B. SHAW
General Manager.

Winnipeg January 20th, 1922.

Exchange Rates

WHEN you require information regarding foreign exchange, call at our nearest branch. In direct wire touch with money markets throughout the world and closely affiliated with financial institutions abroad, this bank is able to quote the closest possible rates on drafts and bills of exchange, and to negotiate purchases and sales promptly and satisfactorily.

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JOINT MANAGING DIRECTORS:
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Subscribed Capital	£38,116,815
Paid-up Capital	10,860,565
Reserve Fund	10,860,565
Deposits *(June 30th, 1921)*	371,322,381

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BRITISH CREDIT SCHEME BASED ON GUARANTEES

Is No Longer Confined to Actual Cash Advances

SCOPE IS ENLARGED

Area to Which it Applies is Widened and Time Limit of Transactions is Extended

The most important modification of the original British Government Scheme of export credits introduced under the legislation of 1921 has been the substitution of Government guarantee for Government advances.

This is made clear in a statement of Sir Philip Lloyd Greame, K.B.E., M.C.,M.P., parliamentary secretary of State in charge of the Department of Overseas Trade, just received by F. W. Field, British Government Trade Commissioner in Ontario. With this guarantee, states Sir Philip, the trader is enabled to borrow at the minimum market rate, and thus the funds are supplied through the regular machinery of the money market on a basis advantageous both to the Treasury, which is relieved from actual expenditure, and to the trade, who secures his advance at a low rate.

At the same time the operation of the scheme was extended both in the area to which it applied and in the time limits within which transactions must be liquidated. By the Amendment Act passed in July last, the scheme was extended to the British Empire and to mandated territories. The Trade Facilities Act removed all territorial limitations and authorized the extension of the scheme to any country, and the only exceptions made at present are that credits are not granted for India, Ceylon and the Straits Settlements, where there are still heavy stocks of goods to be liquidated and where the existing banking facilities are adequate for business to be done, and for Russia.

In order that the scheme should be adapted to the ordinary merchanting business as well as to the case of particular and specific contracts, a system of general credits has been established in addition to the provision of special credits. An exporter, had previously to submit to the Department of Overseas Trade each specific transaction in respect of which a credit was required. The Department is now prepared to consider applications from exporters in the United Kingdom for general credits up to specified amounts for specified countries and specified periods. The application must be submitted through the exporter's bankers. The amount which the Department is prepared to guarantee is decided in consultation with the Department's Advisory Committee. The exporter in the United Kingdom is then at liberty to enter into transactions abroad up to the amount fixed without further reference to the Department, and the Department undertakes to guarantee the bills drawn within the agreed period for the goods shipped. The bills should have as short a duration as possible, but renewals will, if necessary, be permitted, provided that the total duration of the credit shall in no case exceed twelve months in all. In the case of these general credits, the Department does not require that security should be put up by the importer, but in event of default will retain recourse against the exporter for 57½ per cent. of the ultimate loss.

In the case of specific credits, the Department is prepared to guarantee up to 100 per cent. of the bills drawn against shipment where the credit does not exceed twelve months and up to 85 per cent. in cases where the credit exceeds twelve months. In practice, in the latter case, it is usually found convenient to draw two bills, one for 85 per cent. of the transaction which is guaranteed for the full amount of the draft and the second for the balance of 15 per cent. which is not guaranteed.

In cases where the Government only guarantees 85 per cent. or less the Department retains recourse against exporter for 50 per cent. of the unsecured risk; where the Government guarantees 100 per cent., recourse is retained for 57½ per cent. of the unsecured risk.

The Advisory Committee advise the Department of Overseas trade in all cases as to the value at which securities are to be assessed. In the liquidation of a transaction if the security realises less than the assessed value, the Department bears the loss of such deficiency. If the security realises more than its assessed value, the Department accounts to the vendor for the balance. The vendor is thus placed in the best possible position.

In addition to the method of guaranteeing shipments directly, the Government offered to make arrangements with approved banks or credit associations for participation in respect of transactions carried through by them for exporters. Under this plan the Government would, in consideration of an agreed premium, take a share, not exceeding 70 per cent. of any loss incurred by banks in respect of transactions complying with the conditions and regulations applicable to guarantees. This method, therefore, left it open to any bank to participate in the scheme, while retaining administration of individual transactions in its own hands.

Sales reports of National Cash Register Co. for last month indicate a big improvement in business conditions, says Executive Secretary Powell. Sales reports revealed a $200,000 increase over January, 1921, a 10% gain in foreign business, and similar encouraging conditions for the first half of February.

UNITED STATES RUBBER

A Big Slump in Profits Reported for 1921

Preliminary report of the United States Rubber Co., for the year ended December 31, 1921, shows net profit of $470,817 after expenses and fixed charges and after absorbing approximately $10,000,000 excess cost of finished goods carried over from previous year and sold during the year. Net profit is equivalent to 72 cents a share earned on the $65,110,000 preferred stock and compares with $21,220,983 equivalent after preferred dividends to $19.75 a share earned on the common stock in 1920.

U. S. TARIFF HITS CANADA'S EXPORTS

Wheat Shipments Have Fallen From 34 Million Bushels to Less Than 11 Million

The United States Emergency Tariff Act was passed by Congress and became effective on May 28, 1921. The following table shows the quantities and values of articles exported for the tight months from June, 1920, to January, 1921, as compared with the corresponding period in 1921-22. Wheat shipments fell off from 34,822,829 bushels to 10,995,402 bushels.

	Eight Months Ended January 1921 Value	1922 Value
Sugars	$ 9,005,278	$ 1,651
Tobaccos	32,493	1,148
Butter	2,649,029	1,033,697
Cheese	114,382	372,910
Flax Seed	3,408,859	5,050,965
Fresh and Frozen Meats	5,586,063	3,027,294
Prepared Meats	480,869	130,025
Cattle	2,252,393	638,458
Wheat	77,650,986	13,356,674
Wool	1,818,064	13,562

EXEMPTIONS CAUSE ERRORS IN TAX FORMS

Widows or Widowers With Dependent Parents or Children Receive Maximum

In addressing the Canadian Chartered Accounts Association, H. D. Paterson, Inspector of Taxation, explained some of the difficulties experienced in filling out the income tax forms. The exemptions allowed by the Act were the most common source of error, Mr. Paterson pointed out. The only statutory exemptions allowed by the Act are as follows:

(1) For unmarried persons without dependents is $1000. In addition an unmarried person who has a child dependent on the taxpayer for support and providing that the child is under 18 years of age, during the taxation year is entitled to an additional allowance of $200, over and above the statutory exemption. Unmarried persons with dependent brothers or sisters under 18 years of age or a dependent parent or grandparent are given the maximum exemption of $2,000, these are the only relatives a person could have whereby exemption is increased to $2,000.

(2) Widows or widowers without dependents are entitled to $1,000 exemption. But the widow or widower that has children under or over 21 years dependent on the parent for support on account of mental or physical incapacity is entitled to the maximum exemption. Widows or widowers who have dependent parents or grandparents would also receive the maximum exemption. A widow or widower would be allowed an extra $200 for each child dependent upon the taxpayer for support, if the child is under 18 years of age. Wherever the allowance of $200 is made for a dependent child, this allowance is made irrespective of the parentage of the child.

The normal tax on income not exceeding $6,000 is 4 per cent. but if the income exceeds $6,000, the normal tax would be 4 per cent. on the amount of income up to $6,000, and 8 per cent. on all income exceeding $6,000. The allowance for the normal tax for children and on dividends received from Canadian companies is figured out at the highest normal tax rate paid by the taxpayer

Since the Business Profits Tax was removed the only tax to be collected for 1921 is the tax on incomes. The tax is at the rate of 10 per cent. of all profits exceeding $2,000 but if the profits amount to $5,000 or more there is an additional tax of 5 per cent., of the amount of the tax. In other words if the profits of a corporation are $5,000 or more it pays at the rate of 10½ per cent. on all exceeding $2,000.

THE MARITIMES ARE OPPOSED TO CENTRALIZATION

Resent The Toronto Attitude In Regard to the Railways

DEMAND ON KENNEDY

Minister of Railways is Told That Control of Intercolonial Should Be Restored

From Our Own Correspondent

HALIFAX.—While on his visit to the east, Hon. W. C. Kennedy, Minister of Railways, declined to make any public statement relative to the Maritime demand for the de-centralization of the control of the old Intercolonial railway, but he heard a good deal of discussion about it. This question of the restoration of the control of the I. C. R. to Moncton played a considerable role in the Dominion elections, and has been the subject of a good deal of talk and newspaper comment ever since. Suggestions made in some Ontario papers that the Maritime members are mainly prompted by the desire to use the I. C. R. for patronage purposes has not modified the Maritime point of view, and the papers down east have been full of letters and editorials criticizing what is called the "Toronto attitude," and "Toronto's disposition to pass judgment on an issue before studying it." Lack of understanding of the increasing "imperialism" of our larger cities may readily weaken the not overstrong structure of Canadian unity; for business men in the Maritimes are protesting as strongly as the politicians against what they consider to be an undue tendency to centralization in our national affairs. Under the caption "Toronto need not be alarmed," the Glace Bay Gazette says with more philosophic resignation than is shown by other Maritime dailies:

"Down this way we think that anything lifted from the maritime provinces by Montreal or Toronto is not likely to be handed back again. This applies to control of railways as well as banks and manufacturing industries. Control of our railways might as well go with control of our financial institutions, coal and steel industries, locomotive and car works and several other things. The centralizing process goes on, whether in the sphere of government, finance or industry.

"Nova Scotia, having lost its shipping and overseas commerce, its banks, control of its coal mining and steel and other industries, need not make too much of the fact that control of the railways has gone with the rest. Our coal seams have not been removed because they cannot and we are allowed to dig coal for a consideration; and our steel plants are permitted to turn out material to be shaped elsewhere. But our friends of the upper provinces having appropriated the direction of about all our industrial and financial activities, mght at least make an effort to purchase what we still mine and manufacture."

New Anti-Strike Plan Is Pushed In Britain

Railway officials of Great Britain hope that at last they have found a means of preventing strikes. Elaborate machinery has just been devised with that end in view. This includes a series of joint committees and councils leading up to central railway councils for each railway.

When a dispute arises in one locality it will be referred to a local commmittee. If the committee fails to agree the question then may be referred by either side to a central railway council. If this in turn fails, the dispute goes before the council for the whole railroad.

Failure of this council to end the dispute will send it automatically to the Central Wages Board.

The scheme was adopted after long negotiations between managers of the railways and representatives of the three unions of railway men.

Leaders of the unions say this machinery is as elaborate as human ingenuity can devise.

MILLIONS IN BONUSES

The Endicott-Johnson Scheme of Profit-Sharing

President George F. Johnson of the Endicott-Johnson Corporation has announced that his company earned $4,000,000 in 1921 after payment of taxes and dividends of $7 a share on preferred stock and $5 on common, and that half of this $4,000,000 is to be distributed as a bonus under its profit-sharing plan, under which all profits remaining each year after paying the preferred and common dividends are divided among the employees and the common stockholders.

The number who will share in the $2,000,000 thus distributed is between eleven and twelve thousand, making each share average about $175.

Regarding the company's profit-sharing system Mr. Johnson said:

> There are those who do not believe in "surplus or profit sharing," but when you consider that in the three years of operation our plan there has been paid to the workers over $5,000,000, you will agree with me that something has been accomplished for your benefit in our "surplus sharing" scheme.

THE UNION BANK OF AUSTRALIA, LTD.

Established 1837. Incorporated 1880.

Capital Authorised and Issued	£9,000,000
Capital Paid Up	£2,500,000
Reserve Fund	£2,750,000
Reserve Liability of Proprietors	£5,000,000

Head Office 71 Cornhill, London, E.C. 3

The Bank has 182 Branches, viz.:

In Victoria	42
In New South Wales	38
In Queensland	19
In South Australia	14
In Western Australia	20
In Tasmania	3
And in NEW ZEALAND	46

Drafts upon these Branches are issued by the Head Office and may be obtained from the Bank's Agents throughout the world. Commercial and Circular Travelling Credits issued—available throughout the world. Cable transfers are also made. Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.

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Incorporated by Royal Charter 1727

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Head Office:
St. Andrew Square, Edinburgh.
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Secretary, J. B. Adshead.
London Office—3, Bishopsgate, E.C. 2.
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128 Branches in Canada

Without the assistance of the banks the tremendous amount of business, manufacturing, shipping and farming, which is being done to-day, would be impossible. If you are seeking increased output, have a talk with the nearest manager of The Molsons Bank.

EDWARD C. PRATT
General Manager

THE EMPIRE LOAN COMPANY
Winnipeg, Man.

Paid-up Capital and Surplus	$735,000.00
Total Assets	900,000.00

Debentures secured by deposit of mortgages with a trustee.

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"BLUE SKY" LAWS WOULD HANDICAP MINE ACTIVITY

Investors Must Expect to Take Chances, Say Prospectors

CASE OF HOLLINGER

Probably Would Never Have Been Such a Mine if Legislative Regulations Had Been in Force

By W. J. POST.

Is Blue-sky legislation practicable where mining is concerned in Northern Ontario?

Will Blue-sky legislation prove intelligent from Northern Ontario's point of view?

These and other pertinent questions are being seriously put by mining men. The questions concern the outcome of thousands of hard-working, honest, and earnest men, the majority of whom have the work and savings of a life-time tied up in a part of our country where living has called for the very best that manhood possesses.

It is a question if we would have a single producing gold mine to-day had usual Blue-sky legislation been in force in Northern Ontario.

Not a single gold-mining property producing to-day, with the possible exception of the Dome Mines, but has at one time or another been examined and been turned down by older established mining companies.

It is very doubtful if the great Hollinger Mine, which next year bids fair to eclipse any other existing gold mine in the whole wide world, would have been brought into existence under usual Blue-sky restrictions.

O'Brien's Option

It is well that Senator M. J. O'Brien of Renfrew, once had an option on an integral part of the Hollinger Consolidated, and actually undertook to open it up and did extensive prospecting, spending weeks in delving beneath its surface with the aid of diamond drills in an effort to ascertain whether or not it were worthy of his purchasing it, and that he withdrew from it rather than to make payment of a very moderate sum on account of purchase price. The immediate acceptance of the prospectors terms at an advanced sum, and the resultant development by the Timmins Bros., and associates, is well known, as well as its obvious successful outcome.

The question occurs just now as to the attitude a Blue-sky Commissioner would have assumed when Messrs. Timmins et al would have applied to him for right to form a company and issue a stock flotation to the public thereon. Following the precepts of usual Blue-sky legislation, it is not easy to conceive that Timmins could persuade the Commissioner that what Senator O'Brien with all his capital at his back after such extensive exploration had turned down would be a safe enough chance to place before the public for the sale of its shares through either private promotion (as it was) or through the imaginary protection afforded by brokers. The same logic can be applied to all of the other promotions of the present gold-producing mines—after the several properties had been formerly turned down by the strong financial concerns well able to develop the prospects to present day affluences.

Call a Spade, a Spade

The writer has advocated for years the adoption of regulations that would prevent the use of the term "Mining Company" until such Company became a producer to the extent of over $10,000, per annnum, at which time the Company becomes subject to Royalty taxation to the Province when the Bureau of Mines of Reports should cover proportion of production.

To maintain the distinction, that at the time such Development Companies became producers to the extent of $10,000, per annum, or over, that the Government furnish a Franking-stamp and require all certificates of stock to be called in and such certificates and all literature, prospectus, etc., to be franked "Mining" instead of "Development" Companies. The word "mining" would soon become something tangible and a prospectus bearing the distinguishing word "development" would be self evident as donating a chance, and a chance only.

Identification Clear

The would-be purchaser would be inclined to think of himself and desire to learn more about the chances he was taking before parting with his hard cash to glib-tongued salesmen for "development" shares, while records would define the work of producing mines and would afford some idea of the value of their shares.

The Department would remember that thousands of claims have been purchased with hard-earned cash and years of individual self-denial, and attained under terms and conditions that did not anticipate isolation and dereliction by freak legislation. Consideration is due these long suffering and persistent holders before any damaging condemnation is ignorantly applied.

Canadian Capital For British Honduras

The new preferental tariff which Canada now enjoys with the West Indies has led Canadian investors to turn to this new field, with a view to acquiring large tracts of agricultural lands. The geographical position of the West Indies, with the United States has led to much American capital being invested there according to the Canadian Gazette. British Honduras, which is perhaps the Colony most in need of development, has already been visited by a Canadian party whose aim is raise bananas and the citrous fruits. The building up of trade with these colonies is particularly to be desired when we consider the preference amounts to 33 per cent. on imports from Canada. The free list includes railway rolling stock, fresh fish, fruit, hides and cattle, scientific instruments, maps, eggs, etc.

QUEBEC INDUSTRIES NEARLY A BILLION

Total Investments Amount to $936,712,125—Increase of Over $13,000,000

The Dominion Bureau of Statistics has just published a survey of the manufacturing industries of Quebec Province. The total capital invested in the Province in 1919 amounted to $936,712,125, which goes to show how the great natural resources of the province combined with cheap labor have attracted the investor. The value of the raw products used by manufacturers was $517,586,980 as compared with the finished value of $988,574,823.

The following table gives the comparison of the principal statistics of industries for the years 1917 and 1919;

	Capital Invested	Value of Products
Pulp and Paper	$124,101,164	$64,060,540
Lumber, etc.	69,277,749	61,493,919
Cottons	37,962,311	57,530,438
Flour, Mill prods.	12,617,725	42,071,066
Boots & shoes	24,894,251	41,842,877
Tobacco	21,828,632	41,819,110
Shipbuilding	27,614,498	23,303,172
El. light & power	130,000,412	16,553,543
	1917	1919
Establishm'ts, No.	10,042	11,061
Capital	$823,317,251	936,712,125
Employees, Salary, No.	20,607	26,088
Salaries	$26,659,515	36,539,000
Employees, Wages, No.	190,411	179,473
Wages	$131,475,410	153,193,521
Cost of Fuel	$19,028,426	15,274,078
Cost Materials	$403,422,445	517,586,980
Value Products	$839,614,029	988,574,823

FARMERS HARD HIT BY PRICE DECLINES

Western Returns Were Also Affected by the Weather Conditions

From Our Own Correspondent

REGINA.—"The position of Saskatchewan farmers at the close of 1921 was simply deplorable." This statement ushers in the financial and economic review of agricultural conditions presented by the executive committee, Saskatchewan Grain Growers' Association, to the annual convention. The executive admit also that in spite of the efforts of the Canadian Council of Agriculture, no logical solution has been found for wheat marketing.

"The year 1921 was a most eventful one to the farmers of Saskatchewan," says the report. "Their financial position was none too good at the dawn of the year, but at the close it was simply deplorable. No. 1 Northern wheat f.o.b. head of the lakes was worth $2.04¾ on January 15, 1921. On January 5, 1922 it was worth $1.13 and ⅜, a drop of practically 91 cents a bushel; this was not the lowest point; 2 C. W. oats dropped from 55½ cents per bushel to 41⅝ cents per bushel; 3 C. W. barley dropped from 99⅛ cents to 52⅞ cents; No. 1, N. W. flax from $2,09¾ to $1.73½; prime steers on the Winnipeg market from $9.25 per hundred to $4.50; hogs from $14.00 to $9.75.

"Inseparable from this fall in prices, at least so far as its effect on the financial position of the farmers is concerned, is the enormous loss sustained in depreciation of grade through unfavorable weather conditions during harvesting and threshing, so that even the prices above named are much in excess of the average actually secured for grain delivered. So greatly did these considerations reduce the purchasing power of the farmers generally throughout the province that even in the most favorable districts where the yield was comparatively good, our people have experienced the utmost difficulty in providing their families with the reasonable necessaries of life and meeting their most imperative obligations, while in the less fortunate districts there has been much actual suffering."

SWISS SAMPLE FAIR

The Swiss Sample Fair is to be held in Basle, from April 22, until May 2, 1922. It is one of the largest fairs of its kind in Europe. Among the many groups of commodities to be exhibited are, chemical and pharmaceutical products, household articles, lighting, heating and sanitary installations, paper and paper goods, textile products and raw materials.

MITCHELL FOR ELECTRIFICATION STEAM RAILWAYS

As Distinct From Construction of Electric Lines

POWER TO COST MORE

That is The Present Outlook in Regard to Niagara Developments--Free Hand For Officials

By BRIG.-GEN. MITCHELL.
In address on Engineering Activities in Canada, at Toronto.

We have many problems to solve in Canada to-day, problems for the engineer, for the financier, and for the statesman. In defining the engineer there is one definition that links the engineer with the financier and the economics of the country's development; it is that "The engineer is one who can make a dollar do the most work." He is, or ought to be, a technical business man who can do the most, get the most out of a dollar. Many of the problems which Canadian engineering coupled with Canadian finance and business must endeavor to work out are:

The solution of the economic organization and operation of our National railways. I for one believe that we should bend all our energies toward successful operation which is bound to come if the system is skilfully managed and the managers are allowed a free hand. This is our key problem.

The economic electrification of steam railways, as distinct from the construction of new electric ones.

The economics of building new electric interurban and trunk railways alongside existing steam roads.

Consolidation of our electric power supply in Ontario on a permanent economic basis to stabilize industries with power at the lowest possible price. Power from Niagara Falls now appears likely to increase rather than decrease in price.

Means of getting cheap electric power delivered to farming communities.

The operation of Hydro Electric power plants in the very cold climate and frozen rivers of the far North from which with long transmission lines to centres of population we can distribute power to the vast West.

Recovery from our low grade ores and wastes from mines.

Electric smelting of our iron ores especially in Central Canada by means of water power, at very low costs.

Construction and surfacing of our highways which will stand up under extreme traffic with our winter conditions.

The protection of concrete structures from attack by the alkali waters in the Western Provinces.

Electric motor cars with light-weight inexpensive storage batteries capable of operating over long distances.

The construction and operation of aeroplanes for very cold winter conditions.

The manufacture of motor fuels, as substitutes for gasoline, from agricultural products, such as wood, corn, and potatoes.

The development of apparatus for using electricity for heating and heat processes in the manufactures (based on very cheap power).

Development of uses for our very large nickel resources, as an essentially Canadian metal.

The production of nitrogen and its compounds from the air by electric processes with water power, to make Canada independent, especially for refertilizing our Western agricultural areas.

These are some of the things which we must set ourselves to solve.

It is our national duty at this time to look with cheerfulness on the future and to attack these problems with the best possible combination of our human and material resources.

TIRE PRICES DISCUSSED

Many Akron Manufacturers Think Time for Slight Increase

Tire prices continue to be the subject of much discussion, but little action. Most Akron manufacturers are frank in stating privately that they believe the time has come when prices should be slightly increased. Many of the leaders are of the opinion that increases in prices would materially aid sales, but none of them has felt that he wanted to take the initiative.

Tire prices are well below the 1914 level at present while service has been more than doubled since that time. This is looked upon as the principal argument in favor of a possible raise in prices. The fact that increased tire prices would give the "gyp" manufacturer a better opportunity to sell product just at a time when it appears that business is turning back to the legitimate manufacturers is a factor in retarding the movement with some of the leaders, however.

THE ROYAL BANK OF CANADA
Head Office MONTREAL
Statement to the Dominion Government (Condensed)
January 31, 1922

LIABILITIES	
Capital Paid Up	$ 20,400,000.00
Reserve Fund	20,400,000.00
Undivided Profits	905,044.98
Notes in Circulation	27,913,716.14
Deposits	372,441,152.69
Due to other Banks	11,769,000.19
Bills Payable (Acceptances by London Branch)	4,636,578.50
Acceptances under Letters of Credit	6,785,499.69
	$465,250,992.19
ASSETS	
Cash on Hand and in Banks	$ 99,461,271.36
Deposit in the Central Gold Reserves	8,500,000.00
Government and Municipal Securities	33,757,317.03
Railway and other Bonds, Debentures and Stocks	16,045,324.93
Call Loans in Canada	17,268,184.65
Call Loans elsewhere than in Canada	22,433,852.78
	$197,465,950.75
Loans and Discounts	247,963,488.31
Liabilities of Customers under Letters of Credit as per contra	6,785,499.69
Bank Premises	10,788,691.79
Real Estate other than Bank Premises	1,002,531.23
Mortgages on Real Estate sold by the Bank	259,830.42
Deposit with Dominion Government for Security of Note Circulation	985,000.00
	$465,250,992.19

703 BRANCHES IN CANADA, NEWFOUNDLAND, WEST INDIES, CENTRAL and SOUTH AMERICA, also LONDON, NEW YORK and BARCELONA.
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8% Cumulative Preferred Shares
(Carrying a bonus of Common Shares)
CAPITALIZATION

6½% First (closed) Mortgage Sinking Fund Bonds	$150,000
8% Cumulative Preference Stock (this issue)	250,000
Common Stock ($10 Par Value)	150,000
Total Capitalization	$550,000

Net Liquid Assets......$142,702 Total Assets...... $607,604

This business has been established over forty years. Their corn meal milling business is the largest in Canada. Average net earnings for seven-year period were $96,595 per year. After bond interest, sinking fund and depreciation this would be equivalent to 3½ times the preferred dividend and after preferred dividend equal to over 30% on the common stock.

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10 King Street East, Toronto, Ont.
McCurdy Building, Halifax, N. S.
THE NATIONAL CITY COMPANY
NATIONAL CITY BANK BUILDING
NEW YORK
83

Provincial Paper Mills Limited Annual Meeting Held on Wednesday, February 15th, 1922

TO THE SHAREHOLDERS:

Your Directors beg to submit herewith Annual Statement showing financial position of your Company as at December 31st, 1921. The Company's accounts have been audited and the Statements submitted herewith approved by P. S. Ross and Sons, Chartered Accountants.

The Inventory has been taken at prices prevailing on December 31st, so that all depreciation in values have been taken care of to the present time.

You will note addition to Capital Account of about $350,000.00. This includes new steam boiler plant at Mille Roches, and additional Store Room at Thorold Mill. At Port Arthur there has been added another boiler, sprinkler tank and tower, and quite an extensive fire protection system for the wood-pile. There was also installed a complete water supply system of sufficient capacity to amply supply our present requirements and proposed paper mill. Previously we purchased our supply from the city. These extensions all make for better and more economical manufacturing conditions and lessening of fire hazard. There was also expended at Port Arthur about $45,000 towards the proposed paper mill, to be erected there when it is deemed wise to do so.

All the above are complete except the boiler plant at Mille Roches, which will not be in operation until some time in March. We were able to make these extensions from current funds, as you will note from statement we have no loans from the bank.

Collections generally have been very satisfactory; more so than in any previous year.

While the mills were not operated full time, the production for the year in the paper mills was 81 per cent. and in the pulp mill 95 per cent. of the amount produced in 1920, our record year. This, I believe, compares most favorably with other companies. I think our ability to dispose of so near our full production during a time of such business depression, was due largely to the diversified product of your mills and the wide distribution of same; also to the marked loyalty to the Company of many customers at a time when their loyalty was much needed and greatly appreciated.

This report indicates, in my opinion, the ability of your Company to successfully operate during a year of unusual business depression.

Since January 1st, to the date of writing, February 6th, more orders have been received and there have been more inquiries indicating an increased consumption, than in any like period during 1921, so that personally I feel very hopeful about business for the coming year.

Submitted on behalf of the Directors, by

I. H. WELDON,
President.

Toronto, February 15th, 1922.

STATEMENT, DECEMBER 31st, 1921

ASSETS

Property and Plant:		
Real Estate, Buildings, Equipment, etc.		$5,306,408.98
Current Assets:		
Cash on hand and in Banks	$158,925.88	
Bills Recevable	52,217.65	
Accounts Receivable, Less Reserve for Bad Debts	663,680.53	
Victory Bonds (par value $400,000.00)	393,300.00	
Government Deposit on Timber Limits	100,000.00	
Investments	75,654.21	
		1,443,778.27
Other Assets:		
Inventory—Stock, Supplies, Paper, Pulpwood, Prepaid insurance		809,826.53
Payments on 1922 Wood Operations		51,555.06
		$7,611,568.84

In our opinion the above statement of Assets and Liabilities correctly sets forth the position of the affairs of the Provincial Paper Mills Limited, on the 31st day of December, 1921, as recorded in the books of accounts. All of our requirements as Auditors have been complied with.

(Signed) P. S. ROSS & SONS,
Chartered Accountants.

Toronto, Ont., January 25th, 1922.

LIABILITIES

Capital Stock:		
Common—Authorized	$7,600,000.00	
Less Unissued	4,100,000.00	
		$3,500,000.00
Preferred—Authorized	$2,400,000.00	
Less Unissued	700,000.00	
		1,700,000.00
Mortgage Debts:		
First Mortgage 6% Serial, Due 1922		50,000.00
Bonds, 20-year, 6%, Due 1940: Authorized—$3,000,000.00, Issued		505,000.00
Current Liabilities:		
Accounts Payable, including Accrued Wages and Reserve for Income Tax, Payable in 1922	$393,326.26	
Accrued Dividends, unclaimed	583.50	
1¾% Dividend on Preferred, $1,700,000.00, Payable January 3, 1922	29,750.00	
1½% Dividend on Common, $3,500,000.00, Payable January 3, 1922	52,500.00	
		476,159.76
Other Liabilities:		
Reserve for Depreciation on Buildings and Plant		593,161.18
Balance, Profit and Loss Account		787,247.90
		$7,611,568.84

INCOME ACCOUNT

For Year Ending December 31st, 1921

Profit for Year		$728,774.77
Interest and Dividends Received		32,620.00
		$761,394.77
Less Interest paid out		33,550.00
		$727,844.77
Less Allowance for Depreciation on Buildings and Plant	$150,000.00	
Less Allowance for Income Tax payable 1922	60,000.00	
		210,000.00
		$517,844.77
Less Preferred Dividends, Regular 7%		119,000.00
		$398,844.77
Less Common Dividend—Regular 6%	$210,000.00	
Special 1%	35,000.00	
		245,000.00
Surplus for Year		$153,844.77
Balance Profit and Loss Account, December 31, 1920		633,403.13
SURPLUS DECEMBER 31, 1921		$787,247.90

Audited and verified.

(Signed) P. S. ROSS & SONS,
Chartered Accountants.

Toronto, January 25th, 1922.

OFFICERS AND BOARD OF DIRECTORS. 1921

I. H. WELDON, President.
T. A. WELDON, Vice-President.
S. F. DUNCAN, Secretary-Treasurer.

Directors: I. H. Weldon, T. A. Weldon, S. F. Duncan, Alex. Fasken, S. B. Monroe, A. B. Connable, C. A. Peck, C. S. Campbell, Sir Charles Gordon, K.C.B.E.

Stock Transfer Agents: Royal Trust Company, Toronto and Montreal.

Bankers: Bank of Montreal, Toronto.

GOLD AND PAPER STOCKS BUOYANT IN THE MARKETS

Investment Interest Centred On This Little Crescendo

BOND MART WAITS

Uncertainty As To Dominion Financing—Is Overhanging Feature But Bond Prices Hold

A crescendo of activity in the mining and paper stocks, that developed into an accelerando of market movements in several of the gold stocks, occupied investment interest during the past week.

The mining shares reached new high prices in several cases and the new levels were well sustained.

There was some surprise at the buoyancy of the paper stocks. Spanish Preferred, Laurentide, and Abitibi showing some sharp advances, while Brompton recovered a good deal of the lost ground that had resulted from the passing of the preferred dividend. The upward movement which seemed an easy matter to accomplish and afterwards to maintain, seems to have occurred at a time when a more confident feeling in regard to the immediate future of these securities was evident and when the market was oversold. As late as a couple of months ago there was a good deal of doubt about existing dividends and the ability of all the companies to show net earnings in the face of the sharp decline in prices of newsprint. When the first quarter of the year showed a decline of $10 in the contract price, bringing it to $70 in place of $130 one year ago, there was a fear, fairly evident, that the price for the second quarter of the year would not be more than $65 with a probable drop to $60 by July or earlier. Some there were who predicted as low as $50 a ton by the middle of the present year.

These predictions of much lower prices do not seem likely to be realized. It is undoubtedly the case that the majority of the Canadian mills are gradually increasing their production with Spanish River reported to be producing and selling some 650 tons every week—the largest in its history—and Abitibi about 450 tons, a new record also for this mill. Laurentide and Brompton and Price Bros. also are doing well. Some of the mills are reported to have signed contracts for their total output to the end of June, and indications are that the contracts will be continued to the end of the year.

How Exchange Works Out.

There have been some substantial reductions in wages during the past six months or so and in the case of Spanish and Abitibi, at least, the purchase of new wood and some cutting of their own limits have enabled them to reduce very considerably the average cost of their pulpwood so that at $70 the mills have a fair profit.

One point the investor should take into consideration is the improvement in exchange between Canada and the United States. This works in the very opposite direction for the paper mills. When exchange was around 10 per cent. the price of $70 in New York funds—the basis of every export contract—meant an additional $7 per ton. When exchange is around or under 3 per cent. as to-day, the $7 drops to $2, a loss of some $5 on every ton, a matter of clear profit.

The bond market is still in a waiting mood. The doubt as to the plans of the Minister of Finance regarding refunding operations hangs over the market. Bond prices are very firm however.

DOMINION POWER HAD DIFFICULT EXPERIENCE

Earnings Fell Off and at the Same Time Operating Expenses Increased

Disappointment that the year brought no improvement in regard to the cost of operation and net profits, is expressed by President J. R. Moodie in the annual statement of the Dominion Power and Transmission Company. As a matter of fact expenses showed an increase of $74,411 and toward the end of the year earnings began to decline very materially. The company has faced a problem in regard to rates of fare and wages but it is pointed out that the city government has practically admitted the necessity of relief. Operating properties are described as being in excellent condition, having been improved in that regard despite the burden of cost in regard to labor and materials.

Gross earnings at $3,758,947 showed some decline and with increased expenses net profits were considerably affected, despite some saving on exchange. Dividends took $257,677 as compared with $495,364 in the previous year including $30,305 for exchange. Following are comparative figures from the profit and loss account:

	1921	1920
Gross earn.	$3,758,947	$3,803,723
Expenses	2,846,287	2,771,876
	$ 912,660	$1,031,847
Interest	446,116	436,280
N.Y. exchange	59,186	68,379
Surplus earnings	$ 407,357	$ 527,187
Bal. forward	940,525	1,008,119
	$1,347,882	$1,535,308
Bad debts	2,670	13,799
Income taxes	15,613	85,619
Dividends	257,677	465,059
N.Y. exchange	......	30,305
Balance	1,071,922	940,526
	$1,347,882	$1,535,308

Following is a summary of comparative gross and net earnings:

Eight Years' Record

	Gross Earn.	Net Earn.
1921	$3,758,947	$ 912,659
1920	3,803,723	1,031,847
1919	3,477,386	1,189,682
1918	3,204,644	1,160,177
1917	2,967,273	1,233,514
1916	2,693,211	1,233,610
1915	2,353,956	1,001,955
1914	2,395,967	1,005,121

During the year bonds to the amount of $34,000,000 were issued and $139,000,000 redeemed. The total reserve and profit and loss accounts were increased by $121,918 to a total of $3,340,080.

OPPOSED TO DUMPING

The Sarnia Chamber of Commerce has forwarded a resolution to the Dominion Government, strongly urging legislation to prevent dumping and to provide that all imports be plainly marked as to the country of origin.

Says Hydro Sacrifices Small Municipalities

(Continued from page 1)

transmission line, and Toronto is not entitled to benefit so exclusively from its geographical situation at the expense of the remainder. Equalization of rates and unification and extension of the system, while involving heavy increases in Toronto and elsewhere, would permit general development of the province. When it is remembered that in California general service is transmitted from 250 to 500 miles from comparatively small plants and is then sold at low rates, Ontario should not be content to have Niagara power benefit only the restricted district close to the Falls, nor should it be content with anything less than general and reliable service over all territory within at least a 500 mile radius.

"Hydro" came into being based upon cheap Niagara power. Hydro was enabled to buy a large block of Niagara power for $9.00 per H. P. per year, a price amounting to $.001377 per K. W. H. on 100 per cent. load factor,—a price lower than any other of which the present writer has any knowledge, and, so far as we can now see, a price which can never again even be approximated, even at Niagara.

Main transmission lines have been constructed, running east and west from Toronto to Windsor, being fed by lines from Niagara to Dundas. Charges were based, not upon distance, nor upon an average cost of power and transmission,—as practicaly all regulating commissions in the United States now require, but upon estimated cost to serve each community *from the physical structures that actually were installed.* This method makes cost of power to any town dependent not upon its distance from Niagara, nor upon the average cost of power, but upon the physical plant that the H. E. P. C. actually did build, and which is used to supply power to that municipality. It follows that had this Commission adopted some different scheme of line locations, municipalities now paying high rates might enjoy low rates and vice versa. In other words the rate paid by a municipality is dependent not alone upon its geographical location relative to Niagara, but upon the design of the system of lines by which the commission supplies the Province. As an instance of unfair rates, the municipality of Zurich about 130 miles in an air line from Niagara Falls, paid $69.00 in 1919, while the municipality of Dutton, the same distance from the Falls, but on the main transmission line, paid $43.00. London, about 108 miles from the Falls in an air line, paid $19.00, and Windsor, 210 miles, air line, paid $36.00. Dutton lies on the same main transmission line as Windsor but is about 80 miles closer to the Falls by transmission line.

The town of Drayton, 78 miles in air line from the Falls, but served through London, paid $60.00. The town of Georgetown, served through Guelph, paid $36.00. Were lines differently laid out, Drayton might have been served through Guelph, rate $19.00, or Kitchener, rate $19.00, in which case the Drayton rate probably would have approximated the Georgetown rate. The town of Arthur is 8 miles from Drayton and paid $45.00 as against Drayton, $60.00. Drayton has Niagara Power and Arthur has not, being on the Eugenia system. Each town is about 90 miles from the Falls. London, 108 miles away, paid $19.00.

CANNERS ARE IN GOOD SHAPE FOR COMING SEASON

Salmon Packers Have Small Stocks To Be Cleaned Up

JAPS AS COMPETITORS

Are Cutting The Prices on the British Market — Taxes Cut Into Profits of Canning Concerns

From Our Own Correspondent

VANCOUVER.—Salmon canners in British Columbia are facing what is believed to be a good season. Nineteen twenty-two is not one of the "big run" years but stocks are in such a condition that they can be cleaned up to advantage before the new pack commences. The present position is considered very satisfactory from this standpoint inasmuch as while the holdings at this time a year ago were 600,000 cases, to-day's warehouse and cannery stocks are between 150,000 and 175,000 cases.

At this time in 1921 the red salmon, springs and sockeyes had been disposed of at prices ranging from $15 to $20 a case depending on the time of sale but there was a heavy stock of chums and pinks. After a great deal of negotiation on the part of the canners and government the chums were disposed of in the Ori[illegible] and France while the latter country took the bulk of the pinks.

It is a well-known fact that the Frenchman is a close buyer and following the dumping of many thousands of cases of American salmon on the French market after the wa[illegible] at ridiculously low prices buyers in that country demanded equally favorable quotations for the Canadian product. When it is learned that this salmon was sold at from $3 to $3.50 a case as against a production cost of $7 to $8, it can readily be seen, that a heavy loss was suffered by the B.C. canners.

As stated, there are around 160,000 cases of B. C. salmon chiefly pinks, chums and springs of the 1921 pack remaining unsold and as the canning season is several months away, the holdings will barely last until the 1922 pack is put up. Sales are being made regularly on the Canadian market and at prices netting a small profit. The sockeyes were sold some time ago.

In all markets the red salmon is in greatest demand but with the steady decrease in the catch, the canners have resorted to the packing of lower grades to help make up the loss on sockeyes and springs. Fishing interests here have suffered two or three disastrous seasons and in future operations, they will profit by the experience gained.

In former years British Columbia has in a large measure, controlled the British market but at present strong competition is being met from the Japanese who are quoting 55 shillings a case in London as against a hundred shillings on the B. C. product. Illustrating the increase in the red-salmon industry off the Siberian coast as operated by the Japanese, it may be stated that while in 1914, the pack was 10,000 cases, it had increased last year to between 700,000 and 800,000.

Taxes, too, are entering seriously into the earnings of the companies here. In addition to the usual cannery and fishing licenses, the provincial government collects a half cent per fish when caught, four cents per case on the manufactured product in addition to taxes on profits, the Federal Government also coming in on the latter item in addition to income tax.

However, the industry is now in a fair position and with a reasonable run of fish this year, it is believed the producers and manufacturers may be enabled to go a long way toward making up for the big losses of 1920.

AT 87 YEARS

MONTREAL.—A unique feature of the annual meeting of Montreal Cottons on Wednesday was the retirement of S. H. Ewing from the presidency at the age of 87. Mr. Ewing has been a member of the Board for 40 years (and president for nearly half that time), and in those 40 years has missed only one annual meeting of the Company.

Argonaut Gold, Limited

Incorporated under the laws of the Dominion of Canada

	Shares	Par Value
Authorized	3,000,000	$3,000,000
Issued	3,000,000	3,000,000
Held in Trust for Treasury	470,000	470,000

Transfer Agents, CROWN TRUST CO., Montreal.
Registrars, MONTREAL TRUST CO., Montreal.
Head Office, ROYAL TRUST BLDG., Montreal.

MINES AT BEAVER-HOUSE LAKE, KIRKLAND LAKE ZONE, NORTHERN ONTARIO.

PURPOSE OF ISSUE.

$670,000 has been spent on development work and sufficient ore located to warrant the immediate construction of a mill at a cost of $150,000, which will be completed in about six months, to extract the gold from the ore—400,000 shares at 40 cents each will supply the funds.

DEVELOPMENT WORK.

Twenty-one gold bearing veins have so far been located and only four developed at depth, one of which, the "Rainville Vein," has been opened to a depth of 350 feet. For the small amount of work done on the other three veins, they show extraordinary values.

The average values above the 200-foot level on the "Rainville Vein" were $15 a ton and below this and down to the 350-foot level, $20. These are the run of mine values, taken every five feet and checked in the test mill. During the summer of 1920, $38,000 was rcovered in testing the ore from this vein at the 200-foot level.

PERMANENCY

Sufficient is known now about this mine to say that it will produce for a great many years—of the 460 acres controlled, only ten have been explored below the surface.

DEPTH

The deepest workings to date are on the 350-foot level—a diamond drill put down to 485 feet cut a body of ore at that point carrying $75 per ton. In the sister camp of Porcupine, some of the best ore is being brought up from the 1,500-foot level and there is talk of one company sinking to the 3,000-foot level. It is believed that the Argonaut veins will go beyond the 1,000-foot level, because, so far, the deeper the workings the richer the values.

COSTS

Mining and refining ore in Porcupine costs, in the larger mines, $4 a ton, with a yield in two of these of $9 a ton. The estimated cost of mining and milling in Argonaut is $5 a ton and the yield $20. This mine is operated at a minimum cost by electricity generated by water power.

CONCLUSION

The following well-known engineers, whose reports are available for reference, have reported on the mine—Prof. P. E. Duliex, formerly of the School of Mines of Paris, now of New York; John E. Hardman, S. B., M. E., Montreal; J. B. Tyrell, M. E., consulting engineer to the National Mining Corporation of London, Eng., J. W. Morrison M. E. (Mine Manager of the Argonaut.)

The work so far done proves a tremendously rich mine and with the quantity of gold located, offers have been made to buy control at a high figure and in addition supply the money to build the mill, but this the owners refuse to accept, because they want this to remain a Canadian mine.

These shares are being offered direct to the public and the money received goes into the treasury.

OFFICERS.

President—J. H. Rainville, Montreal, ex-Deputy Speaker House of Commons, Ottawa.

Vice-President—F. A. Labelle, Hull, Que., Notary Public.

MONTREAL DIRECTORS.

Lt.-Col. Robt. Starke, Montreal, President Starke-Seybold Hardware Co., Ltd.; A. Raymond, Montreal, President Raymond Hardware Co., Ltd.; H. L. Reddy, M.D., Montreal; Wilfred Duquette, Contractor, Montreal.

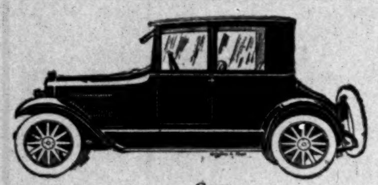
If you want to know more about Argonaut Gold Mines, write, call or telephone. We want you to ask us questions. We have nothing to hide and can produce facts for every statement made. When you know as much about these mines as we do, you will want to get into them to the limit.

The Company reserves the right to decline any application for shares, in which case the money will be refunded.

Price 40 cents a share. Par Value $1.00

(Fully Paid and Non-assessable)

ARGONAUT GOLD, LIMITED
601 Royal Trust Bldg., Montreal. Tel: M. 2784



CUSTOM BUILT EXCLUSIVE BODIES

Have your chassis fitted with a custom-built, aluminum body, any style—Sedan, Coupe, Limousine, Touring, Sport Roadster, etc., built in an exclusive design to your ideas.

Write us stating kind of chassis you have and style of body you are interested in. We make no charge for our suggestions.

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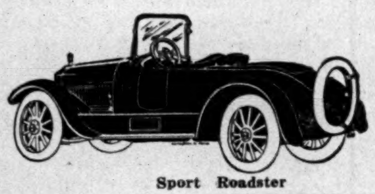

FIXED FEES

Our fees for administering an estate or trust are no more than those of a private individual. They are fixed by the Court when the accounts are audited.

Compare our services as a Trust Company—an organization which cannot die, is responsible, efficient and experienced in its duties—with those of a private individual, and you will find that they really cost less in the end.

We Invite Your Business

Send today for our Booklet—"Wills and Wisdom."

THE TORONTO GENERAL TRUSTS CORPORATION

Head Office: Cor. Bay and Melinda Streets, Toronto.

VICTORIA LOAN AND SAVINGS COMPANY

Twenty-Sixth Annual Report

The Directors have much pleasure in submitting herewith the twenty-sixth Annual Report giving the result of the Company's operations for the year ending December 31st, 1921, duly audited.

The net profits for the year, after deducting interest paid, cost of management, Government Income Tax and all other expenses amounted to $91,158.08. Adding to this $9,241.51 carried forward in Profit and Loss Account, and $25,426.52 Premium on Capital Stock sold during the year, makes a total of $125,826.11 for distribution. Out of this we have paid dividends of nine per cent. amounting to $59,683.80, we have transferred to Reserve Fund $60,000.00 and $6,142.31 is carried forward in Profit and Loss Account. The Company's reserve fund now amounts to 60 per cent. of the Capital, a condition which we are sure will be no less assuring to our Depositors than it is gratifying to our Shareholders.

The general business of the Company continues in a most healthy condition. In spite of the combined effect of crop failure and exceedingly low prices for farm produce, we are able to record a substantial increase in our business, a fact for which we have every reason to be both proud and grateful.

All of which is respectfully submitted,

WILLIAM FLAVELLE,
President.

Lindsay, January 11th, 1922.

BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31ST, 1921

ASSETS

Office Premises		$ 14,355.00
Real Estate held for sale		66,328.84
Mortgages—		
Principal	$2,099,566.49	
Interest	73,047.47	
		2,172,613.96
Loans on Company's own Stock		22,367.28
Loans on other securities		16,918.50
Bond Securities.		
Dominion of Canada and Provinces of Canada		294,905.23
Canadian Municipalities, School Districts and Rural Telephones		678,736.96
Other Bonds		41,219.26
Bank Stocks		7,770.00
Cash on hand and in banks		129,706.81
		$3,444,921.84

LIABILITIES

TO THE PUBLIC:

Debentures	$1,269,727.00	
Deposits	1,020,496.80	
Other Liabilities	2,406.50	
		$2,292,630.30
To the Shareholders:		
Capital fully paid up	703,566.78	
Reserve Fund	422,000.00	
Unclaimed Dividends	167.50	
Dividend declared and unpaid	20,414.95	
Profit and Loss Account	6,142.31	
		$1,152,291.54
		$3,444,921.84

PROFIT AND LOSS STATEMENT FOR YEAR ENDING DECEMBER 31, 1921

Balance brought forward from 1920	$ 9,241.51	
Net Profits for year after deducting cost of management and all other expenses	91,158.08	
Premium on Capital Stock sold	25,426.52	
		$125,826.11

APPROPRIATED AS FOLLOWS:

Quarterly Dividends Nos. 75, 76, 77 and 78	$ 59,683.80	
Transferred to Reserve Fund	60,000.00	
Balance carried forward	6,142.31	
		$125,826.11

RESERVE FUND

Balance at credit December 31st, 1920	$362,000.00	
Transferred from Profit and Loss Account and Premium as shown above	60,000.00	
		$422,000.00

AUDITORS' CERTIFICATE

We have examined and hereby certify as correct the accounts of The Victoria Loan and Savings Company for the year ending December 31st, 1921. We have examined the securities held by the Company and found them to be in order. We certify that the foregoing Profit and Loss Account and Balance Sheet are accurate statements of the affairs of the Company.

RUTHERFORD WILLIAMSON, (F.C.A.),
JOHN D. WALLACE, C.A.
Auditors.

Lindsay, Ontario, January 11th, 1922.

BOARD OF DIRECTORS

W. FLAVELLE, President.
W. H. CLARKE, M. D., R. J. McLAUGHLIN, K.C., Vice-Presidents.
W. H. STEVENS, B.A., Inspector of Public Schools, H. J. LYTLE, Ex-Manager, Bank of Montreal, J. B. BEGG, Esq., T. H. STINSON, K.C., WESLEY WALDON, Esq., C. E. WEEKS, Esq.

Manager
C. E. WEEKS

Assistant Mgr.
NEWTON SMALE

LAURENTIDE POWER SHOWS A BIG GAIN IN NET EARNINGS

Net Revenue of $1,037,000 As Against $866,000 One Year Ago

EARNED 5.43 PER CENT.

Increased Shawinigan Load 10,000 h.p.—Strong Reserves — Improved Working Capital

From Our Own Correspondent

MONTREAL.—An unusually favorable statement covering the year 1921 has been issued by the Laurentide Power Company. The company's revenue showed an increase of nearly $200,000 or almost 20 per cent. over that of 1920, and nearly $400,000 or close to 50 per cent. over the figures for 1919. On the other hand expenses increased only $26,000, going up from $174,000 to $200,000, so that there remained a net revenue of $1,037,000 as compared with $866,000 one year ago, and $671,000 two years ago. This allowed for 5.43 per cent. on the common stock, after meeting bond interest, as against 4.1 per cent. in 1920 and 2.7% in 1919. As present dividend is only 4 per cent. there was a comfortable surplus, this past year, for a power company. The contract which Laurentide has with the Shawinigan Water & Power Company has enabled it steadily to increase its output. Its two customers are Shawinigan and the parent company, the Laurentide (paper) Co. The Shawinigan Company took an additional load of 10,000 h.p. on July 1 last, and takes another block next July. The Laurentide Company, through the increase in its newsprint production, is also consuming a larger quantity of power. Thus Laurentide Power has not been under the disadvantage of the majority of power companies in finding a lessening in demand for industrial purposes. During the past year construction work has been largely completed and one of two units newly added is now in operation, bringing the capacity of the plant to 145,000 h.p. The second unit will shortly be ready increasing the capacity to 165,000 h.p.

Kept Within The Estimate

In connection with this extension, the president, J. E. Aldred, makes the unfamiliar announcement that the cost of the new installation was kept within the estimate made, and that the sale of $1,500,000 of the company's 7 per cent. 20-year general mortgage bonds covered the total cost.

The profit and loss accounts for the past three years compare thus:

Profit and Loss

	1921	1920	1919
Revenue.	$1,228,186	$1,033,176	$837,737
Misc. do.	9,375	7,711	10,108
Total . .	$1,237,561	$1,040,887	$847,845
Expenses	200,541	174,094	176,769
Net . . .	$1,037,020	$866,792	$671,075
Bond int.	425,735	375,000	375,000
Exchange	40,544	59,537	12,125
Profits .	$570,740	$432,255	$283,950
Divids. ..	420,000	420,000	420,000
Balance...	$150,740	$12,255	*$136,050
Taxes	27,555	8,718	6,564
Balance...	$123,185	$3,537	*$142,614
Sin. fund.	85,000	....	....
Balance...	$38,185	$5,537	*$142,614
Sale V. bonds	4,868	....	....
Balance ...	$33,317	$3,537	*$142,614
Reserve ...	20,000	20,000	....
Surplus...	$13,317	*$16,463	*$142,614
Previous..	3,343	19,806	162,420
Present ..	$16,660	$3,343	$19,806

*Deficit.

Strong Position

The balance sheet shows a strong position with working capital improved. Cash on hand amounts to $261,000 where a year ago no such item existed, while in addition a bank overdraft of $215,000 has been wiped out. During the year $85,000 was set aside as a sinking fund for the redemption of bonds; also $20,000 for a fire insurance reserve which now amounts to $40,000. The total reserves including depreciation, sinking fund, contingent and insurance stood at $636,782 at the end of the year. One other item is worth mentioning, a cost of $40,000 in exchange rates on bond interest during the year. In this direction it seems certain that there will be a very material reduction during the present year. The completion of construction works is indicated in the reduction of accounts payable from over $530,000 one year ago to $71,000. The new work is represented by a property valuation of $19,604,044 compared with $18,886,435 for 1920 an increase of over $700,000.

The working capital items compare thus:

Working Capital Account

Current Assets—	1921	1920
Acc. rec.	$364,804	$60,759
Bills rec..	190,000	......
Can. War Loan....	....	100,000
Cash	261,096	....
	$815,900	$160,759
Current liab.—	1921	1920
Acc. payable	$71,262	$137,102
Interest..	202,000	187,300
Dividends	105,217	105,058
Accr. inc. tax.. ..	34,000	21,629
Sink. fund instal. ..	55,425	79,100
	$467,904	$530,189

N. A. P. SHARES MUST CHANGE TO SAGUENAY

Official Notice Sent Out With Adjustment at $3 Terminating End of Month

From Our Own Correspondent

MONTREAL.— Official announcement was made this week that the North American Pulp & Paper Companies' Trust has been terminated in accordance with authority given by the shareholders at a meeting held February 8, 1921. The assets of the Trust available for distribution consist of 800,000 common shares and 240,000 preferred shares of the Saguenay Pulp and Paper Company of a par value of $5 each. This entitles the holders of the 1,000,000 shares (no par value) of North American to receive 8 shares of common and two and two-fifths of preferred for each ten shares of N.A.P. An exchange along this basis has been going on for months past, but a large portion of N.A.P. stock still remains and it is still traded in under that name both in Montreal and New York. In the case of fractional certificates a settlement will be arranged on the basis of $3 per share for either class of stock but this offer terminates at the end of the present month. A request is made for a prompt surrender of all stock to the Guaranty Trust Company of New York. A little over a year ago an offer was made on behalf of a syndicate of English capitalists indicating that $6 per share would be paid for N.A.P. stock, but the syndicate found themselves unable to raise the necessary capital. Both stocks, N.A.P. and Saguenay, have been active of late and stronger in anticipation of a favorable contract with European paper mills.

DETROIT OFFERS D.U.R. $19,500,000 FOR LINES

Negotiations Now In Progress With New Directors—Determined to Sell

From Our Own Correspondent

MONTREAL.—Negotiations are in progress between the new board of directors of Detroit United Railway and the civic authorities for the purpose of reaching a price at which the city would take over the remaining mileage of about 370 miles of the company within the city limits, leaving the company about 600 miles of inter-urban trackage. A couple of years ago a bylaw was submitted to the rate payers of Detroit asking them to vote $31,500,000 for the city system which would have been taken over by the city without itself building a civic system at all. This bylaw, however, was defeated, and one of the most interesting incidents in connection with the recent fight for proxies by A. A. Gingras was his charge that at least one of the directors of the company actually spent money to defeat this bylaw and was afterwards reimbursed for this outlay. After the defeat of the bylaw the city went ahead and started its own lines which up-to-date had cost it about $15,000,000. Some time ago the company offered to sell out its civic lines and most of its property inside the city for $24,500,000. The initial offer of Mayor Couzens a few days ago was $16,500,000 and in addition an undetermined amount which he made clear at the week-end when he made a bulk offer of $19,500,000 for the entire property.

The new board made a counter offer to the city of $20,000,000 but did not include the real estate and the car shops of the company in Hyland Park which are valued at several million dollars. Both sides are now attempting to reach common ground. In the meantime an effort is being made to secure a board that will be more representative of the business interests of Detroit.

WARRANT FOR TOWNLEY

Embezzlement Charge Against Nonpartisan League President

A warrant has been issued at Fargo, N.D., for the arrest of A C. Townley, president of the National Nonpartisan League, charging him with implication in the alleged embezzlement of $3,000 from the Scandinavian-American Bank of Fargo.

The warrant, which was issued in the Cass county district court, was intended to be served on Townley when released from the Jackson (Minnesota) jail, where he has been serving a 90 day sentence for conviction on a charge of violating the state espionage law.

It is charged in the warrant that Townley on January 20, 1919, at Fargo, "did feloniously advise and encourage" J. J. Hastings, former vice-president of the bank "to commit the crime of embezzlement; that Hastings, appropriated the $3,000 to his own use and to the use of the defendant, A. C. Townley, and to the use of unknown persons."

WITHIN

the last few years the business world seems to have discovered that Life Insurance can be made just as useful in the protection of business as in protecting the home.

The Great-West Life is writing a very large "Commercial" Business.

The business is in itself a strong endorsement. It involves the strictest scrutiny—the most careful weighing of Policy conditions.

For THE BEST available in Life Insurance, Corporations and individuals can find no Policies to equal those of

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of CANADA Limited
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CAPITAL PAID UP $500,000
BOARD OF DIRECTORS
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VICE-PRESIDENTS
MAJOR HENRY L. ROBERTS, Grimsby. JAMES TURNBULL, Toronto
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A. E. DYMENT, Toronto
J. J. GREENE
THOS. C. HASLETT, K.C.
SIR JOHN S. HENDRIE, K.C.M.G.
J. F. KAVANAGH
COL. JOHN I. McLAREN
LT.-COL. W. H. MERRITT, St. Catharines
MAJ.-GEN. THE HON. S. C. MEWBURN
STANLEY MILLS
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REAL ESTATE

FARM LANDS CITY PROPERTY
BUILDING MANAGEMENT RENTALS

Osler, Hammond & Nanton
WINNIPEG

Again It's Private Initiative

Public Schemes Have Failed to Relieve the Housing Shortage

Housing commissions, government loans, public committees have failed to solve the housing shortage. Now private initiative is buckling itself for the task of answering the cry that comes from all parts of Canada "give us homes."

Individual builders will erect homes. Their capital would be exhausted in a month if it were not for such organizations as those listed below. They are companies that have been formed to refinance building contracts. In carrying out their aims successfully they will help Canada as a nation and return profits to shareholders as individuals.

Toronto Finance Corporation Limited
Hamilton Finance Corporation Limited
Mutual Finance Corporation Limited
London Finance Corporation Limited
Montreal Finance Corporation Limited
Kitchener Finance Corporation Limited
Brantford Finance Corporation Limited
Sarnia Finance Corporation Limited

Complete Information Supplied by

Banking Service Corporation
LIMITED
Head Office : Union Bank Bldg., Toronto

Montreal London Hamilton Kitchener
Brantford Sarnia Windsor

Canada Permanent Mortgage Corporation
Toronto Street - - Toronto
31st December, 1921

Paid-up Capital	$ 7,000,000.00
Reserve Fund	7,000,000.00
Unappropriated Profits	271,136.60
Total Assets	39,077,608.12

We cordially invite your deposit account and offer you the complete facilities developed during the sixty-seven years that we have been caring for the savings of many thousands of our citizens. One dollar or more will open an account.

Established 1855

SHAWINIGAN CO. SHOWS GAIN BOTH IN GROSS AND NET

Earned Almost 8 Per Cent. on Common Stock of $20,000,000

TOTAL 255,000 H.P.

When New Development is Completed in Fall—Construction Cut Down Working Capital

MONTREAL.—The swing of public sentiment in favor of power securities at the present time is likely to be strengthened by the earnings statement of the Shawinigan Water & Power Company. This showed gross earnings $4,224,045 as against $3,943,359 the year before, and a net revenue of $1,590,812 as compared with $1,609,042 in 1920; dividend earned of 7.9 per cent. as compared with 7.4 per cent. for 1920. The increase in earnings in a period when industrial activity generally had slowed up has been a feature of the reports of Montreal Power, Laurentide, and now of Shawinigan. In the last mentioned case the load sent to Montreal was increased, the contract with the International Paper Co., at Three Rivers had begun even although the company there had not commenced the manufacture of paper, and the demand for the local industries at Shawinigan Falls held up fairly well, and in some instances actually increased.

At the annual meeting the president, J. E. Alderd, declared that Shawinigan would be under contract to accept 87,000 h.p. by July next, and although all of this might not be used, the contract of $12 per h.p. was a very favorable one, and would prove still more so in the future.

One of the important points brought up at the meeting was the application of the Company to the Quebec Legislature for power to increase the capital stock from $20,000,000 as now to $40,000,000. On this the president said:

"Your company should be in a similar position (as to bonds) in respect to the issue of common shares. Your directors have in mind the advisability of preserving a reasonable ratio as between the funded debt and the capital obtainable through the issue of stock. For some time past the full amount of the company's authorized capital stock $20,000,000 has been issued and outstanding. We should be enabled to issue further capital stock as and when the necessities of the business require it. To that end an application has been made to the Legislature, making provision for an increase of the authorized capital stock to a total of $40,000,000."

The New Bond Issue

In the profit and loss account it will be seen that the item of interest was increased by over $330,000 during the year. In order to provide funds for the carrying on of the construction programme bonds to the extent of $4,375,000.00 were sold in New York during the year.

The profit and loss accounts for the past two years compare thus:

	1921	1920
Gross earnings	$4,224,046	$3,943,359
Operating	216,812	228,467
Power bought	653,833	643,119
Maint., etc.	152,085	187,687
Taxes and insce.	123,105	118,117
Gen. exp.	121,524	122,706
Water storage	117,719	117,719
Op. revenue	$2,838,995	$2,525,544
Bond int.	1,048,182	716,501
Depreciation	200,000	200,000
Tax res.	......	125,000
Net earnings	$1,590,813	$1,484,043
Dividends	1,400,000	1,400,000
Balance	$ 190,813	$ 84,043
Prev. balance	39,593	30,550
Total	$ 230,406	$ 114,593
Reserve, etc.	50,000	50,000
Insce. res.	20,000	20,000
Pension fund	5,000	5,000
Surplus	*$ 155,406	$ 39,593

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*Subject to Income Tax.

The working capital account shows the result of expenditure in the power development during the year in a lessening of the net balance, the total standing at $1,401,000 as compared with $2,001,000 one year before. The various items compare thus:

Working Capital Account

	1921	1920
Current Assets—		
Receivables	$1,802,301	$2,129,113
Call loans	47,000	770,000
Cash	996,290	355,846
	$2,845,591	$3,254,959
Current Liabilities—	1921	1920
Payables	$651,386	$403,209
Interest due	783,668	625,000
Tax res.	......	225,000
	$1,435,054	$1,253,209
Bal. work. cap.	$1,410,537	$2,001,750

Plant, Etc. Up Nearly $4,000,000

The power development of the company is now set down at $8,106,307, as against $6,869,243 one year ago; Machinery is up from $4,239,700 to $5,113,131; and transmission lines from $4,680,920 to $6,331,172, a total increase of over $3,762,000.

In dealing with the progress of the Company the president stated that the double transmission line to Montreal had been put into operation in September last. It has been required on account of the increased load to that city. Several small lines also had been built to extend service to the smaller municipalities.

As a result of the depressed industrial situation the program of construction work had been slowed down, and the completion of new power development at Shawinigan Falls had been postponed from January 1 to next September. The 1922 program includes the completion of the headworks, bulkhead, gate house and the installation of the power house machinery. When this work is completed, the capacity of the power stations at Shawinigan Falls will be increased by 40,000 horse-power, making a total development in the electric power stations of approximately 200,000 horse-power, apart from the separate hydraulic development of 55,000 horse-power, an aggregate of 255,000 horse-power.

"Your company has done nothing further towards the development of the power at Gres Falls. During the past several months the costs of building and machinery have decreased and new types of machinery have been developed, which will be of great benefit when the Gres Falls is required. Further studies are being carried on with a view to the economic development of the Gres Falls when conditions warrant.

The Carbide Subsidiary

"Like many other industrial corporations during the past year, the Canada Carbide Company, Limited, has been subject to intense competition, and the cutting of prices by foreign manufacturers. A considerable part of the business of the Canada Carbide Company is export, and during the last six months of 1921, this has been affected by the conditions applying to all export sales. The export markets are slowly improving, foreign manufacturers who have been unloading stocks of material at less than cost of production, have apparently liquidated these stocks, and prices are rising throughout these markets. The costs of production of the Carbide Company are being reduced, and with the benefit being derived from lower freight rates and improved exchange, the outlook for 1922 is encouraging.

Pulp and Paper, and Asbestos

"The general conditions in that part of the Province of Quebec served by your company are affected by the prosperity of two main industries: the pulp and paper industry, and the asbestos industry. Both of these have passed through a period of reduced activity, and while this has not affected the revenue of your company as regards its old customers, it has affected the general situation by delaying the taking on of new business and postponing of normal extensions."

COTTON COMPANY SHOWS DECREASE IN NET PROFITS

Montreal Cottons Earned $480,000 Compared with $808,814 in 1920

From Our Own Correspondent

MONTREAL.—The annual report of Montreal Cottons for the year ending December 31, 1921, showed a considerable reduction in profits over the previous year. This was due to two causes, in addition to the loss in inventories that befell every textile company. One of these was a reduction in the quantity of goods sold and the other the drop in the price that lowered the total value of the production even more than the decrease in the quantity. To what an extent this cut down the total is seen by the value of cloth sales of $4,488,913 for 1921 where in 1920 the total was $8,804,458. The total income was $480,718 as compared with the previous year's $808,814 and an even larger total in 1919.

The past year naturally divided itself into two parts insofar as this company and most of the textile companies were concerned. There was the first eight months when demand was poor and the mills were running only four days a week. In the last four months of the year, however, there was a marked improvement, although this did not apply to the months of January and February of this year. It is expected, however, that trade will improve in the spring. In any case the president, S. H. Ewing, assured the shareholders at the annual meeting on Wednesday of this week that the company was assured of earning its dividends this year.

The meeting marked the retirement of the president, S. H. Ewing, who was succeeded by Sir Charles Gordon, with Sir Herbert Holt as vice-president. Mr. Ewing remains on the Board.

During the meeting Mr. Lowe stated that he had urged the Board to make extensions to the Valleyfield Mill so as to increase production.

The profit and loss account shows a balance available for common dividends of 7 per cent. as compared with 13 per cent. one year ago.

Profit and Loss Account

Cloth sales	$4,488,913	$8,804,458	$7,678,506
Do. in pro.	633,642	604,605	640,629
Tl. sales	$5,122,555	$9,409,063	$8,319,135
From prev. year	604,605	640,629	707,380
Net cloth	$4,517,950	$8,768,434	$7,611,755
Ex., etc.	4,136,846	8,039,130	6,619,715
Ap. In.	$381,104	$ 729,304	$ 995,040
Other In.	99,614	79,510	19,165
Tot. Income	$ 480,718	$ 808,814	$1,014,205
Bond Int., etc.	52,591	191,562	351,667
Balance	$ 428,127	$ 617,252	662,538
Pref. Divs.	210,000	210,000	210,000
Balance	$218 127	$ 407,252	$ 452,538
Com. divs.	180,000	180,000	135,000
Surplus	$ 37,127	$ 227,252	$ 317,538

The balance sheet shows a strong financial position with over $3,400,000 as net working capital, of which $1,950,000 represents Government bonds.

Working Capital Account
CURRENT ASSETS

	1921	1920
Cash	111.437	254,082
Book debts, etc.	1,032.782	1,332 626
Cloth and waste	183,128	118,826
Cotton in process	450.514	485,779
Raw Cotton	408.397	257,790
Supplies	336.803	464.432
Insurance	16,315	11,814
Govt. Bonds	1,950.000	1,509.340
Real est. bal.	3,307	4.229
Total	$4,522,683	$4,438,918

CURRENT LIABILITIES

	1921	1920
Open accounts	$789.63	$881,686
Advances	319,119	....
	1.108.782	881.686
Bal Work Cap.	$3.413,901	$3.557.232

LARGER EARNINGS FOR VICTORIA LOAN

A Satisfactory Increase In Business In An Unsettled Year

An increase of net profits, after deducting cost of management and all other expenses from $77,582 to $91,158 is an outstanding feature of the annual report of the Victoria Loan & Savings Company for last year. This is a very gratifying showing in view of the general conditions prevailing. The president, William Flavelle, states that the general business of the company continues in a most healthy condition and that, in spite of the combined effect of crop failure and exceedingly low prices for farm produce, a substantial increase in business was experienced. For this he believes there is every reason to be both proud and grateful.

The company's earnings record for the past six years may be summarized as follows:

Year	Paid-up Capital	Profits	div	% prof av. cap	earn rate
1921...	$703,566	$91,158	9	13.8	8.3
1920....	640,000	77,582	8½	12.5	8.0
1919....	600,000	75,346	8	14.2	8.7
1918....	500,000	58,774	7½	11.7	8.8
1917....	447,475	54,554	7½	12.4	9.4
1916....	400,000	50,234	7½	12.5	9.0

With a balance of $9,241 and $25,426 premium on stock there was available $125,826, of which $59,683 was distributed in dividends and $60,000 added to reserve, leaving a balance of $6,142. Following are comparative figures for three years:

	1921	1920	1919
Profits	$91,158	$77,582	$75,346
Bal. forward	9,241	9,466	10,109
Prem on stock	25,426	16,000	36,410
	$125,826	$103,048	$121,865
Dividensd.	59,684	51,806	42,399
Reserves....	60,000	42,000	70,000
Balance.....	6,142	9,242	9,466
	$125,826	$103,048	$121,865

The balance sheet showed an increase in assets from $3,292,848 to $3,444,921. Deposits indicated some shrinkage but there was a material increase in debentures outstanding, liabilities to the public increased from $2,266,116 to $2,292,630. Mortgage investments showed a considerable increase.

INTERNATIONAL NICKEL

How the slump in the demand for nickel fell off during the year is told in the report of earnings, just issued by the International Nickel Company. The depression was so extensive as to result in the decision of the directors to dismantle the Bayonne plant in New Jersey and to move the machinery and equipment to the Canadian side at Port Colborne. All the refining will be carried on here, in the future.

The actual earnings amounted to only $143,714 as compared with $4,415,774 for 1920, and $10,988,140 for 1918. The total income was $364,275 leaving a loss of $17,727. Depreciation and mine exhaustion accounted for the sum of $623,951 and $401,067 for preferred dividends, leaving a deficit of $1,042,745, as compared with the surplus of $2,219,806 for 1920. The consolidated balance sheet shows assets valued at $63,506,-

STOCK MOVEMENTS OF THE WEEK

Week Ending February 21

	Div. Rate.	Ask.	Bid.	High.	Low.	Close.	Sales
BANKS—							
Commerce	12+1	182	181	182	181	181½	76
Dominion	12+1	192	191	192¾	192	192½	24
Imperial	12	171	170	171	170	170	57
Molsons	12	168	...	168	164	165	32
Montreal	12+2	...	215	217	216	217	114
Nationale	12	...	104	100	99¾	99¾	16
Nova Scotia	16	...	254	255	253	253	86
Royal	12+2	197	...	197	196½	197	104
Standard	14	201	200	201	201	201	7
Toronto	12	76½	176	177	175½	177	135
Union	10	138	137½	138	137½	137½	180
INDUSTRIALS, UTILITIES, ETC.							
Abitibi Pulp com.	..	37½	37	38	30¾	37¼	7447
Do pref.	7	90	85	83¾	83⅝	83¾	90
Ames Holden pref	..	...	18	18½	18⅛	18½	65
Amer. Salesbook com	..	...	11	12	12	12	20
Asbestos Corp. com	6	44¾	44	47	44¾	45	266
Do pref	7	74¼	...	75	74	74	228
Atlantic Sugar com.	..	27¼	26½	27½	25	27	1365
Barcelona Traction	..	5½	5	5⅝	4	5⅝	1340
B. C. Fishing	..	25	23	25	25	25	15
Brit. Emp. Steel, com.	..	10	9	9½	9	9½	51
Do. 1st pref.	7	...	62	66	66	66	5
Do 2nd pref.	..	23¼	23	23	23	23	127
Brompton Pulp	..	18⅛	18	18½	15	18	5055
Bell Telephone	8	106	105	106	105⅛	105¾	271
Burt, F. N. com	10	114	112½	113½	109	113	455
Do pref.	7	114	112	113	112	113	37
Canada Bread com.	..	26½	26	26½	26	26¼	155
Brazilian Traction	..	34	33½	33½	31½	33½	6328
Can. Car & Foundry com.	..	21½	21	21¾	21¼	21½	145
Do pref	..	...	49½	50¼	49	50¼	455
Canada Cement com.	6	...	54	54¼	53½	54	125
Do pref.	7	...	89	92¼	90	90	170
Canada Steamships com.	..	14½	13½	14	13½	13½	349
Do pref.	7	41	40	41¾	40	40	2314
Can. Converters	7	71	70	70½	70	70½	85
Can. Cottons com.	8	83¼	...	83	83	83	85
Do pref.	6	80	77	80	80	80	5
Can. Gen. Electric com.	8	96½	96	96¾	95⅞	96½	742
Do pref.	7	...	102	103	103	103	7
Can. Locomotive pref.	7	84	...	82½	82	82	21
Can. Pacific Railway	10	138	137	138	135	137	693
Carriage Factories, com.	..	7	...	6½	6½	6½	20
Consumers Gas	10	150	148	150	149	149	42
Crows Ness Pass Coal	6	50	48	50	50	50	2
Detroit Railway	10	62	61	62	59¾	61½	764
Dominion Bridge	4	63	62½	62⅞	60¾	62½	355
Dom. Canners, com.	..	26	25	25⅞	23¼	25½	260
Do pref.	7	76	...	74¾	74¾	74¾	6
Dom. Glass com.	6	61	60½	60	57	60	400
Do pref.	7	...	87½	91	91	91	25
Dominion Steel	6	26	25	25½	25	25½	200
Do pref.	6	...	69	71	70	71	73
Dominion Iron pref.	7	...	61	63	63	63	21
Dom. Textile com.	12	139	138	138	135⅞	138	451
Do pref	7	...	...	106	106	106	15
Duluth Superior	..	20	19	18½	18	18	103
Ford Motor	15	310	305	310	305	308	18
Goodwins com.	..	...	25	25	25	25	10
Howard Smith Paper com.	8	68	67	68	68	68	50
Do pref.	8	87	86	86	85	86	40
Illinois Traction com.	..	28	...	27	27	27	10
Do pref.	6	81	78½	78½	78	78½	81
Lake of Woods, com.	12	...	151½	152	144	152	415
Laurentide Paper	6	78½	78¼	80	75	78¼	2915
Lyall Construction	4	37	36	37	35½	37	130
Macdonald A.	..	12	11	12	11	12	80
Mackay com.	6	83¾	83¼	83¾	82½	83⅝	932
Do pref.	4	64¾	64¼	64¾	64⅛	64½	242
Maple Leaf Milling com.	12	124½	123	125	119	123	400
Do pref.	7	98	...	98	97¾	97¾	45
Monarch Knitting pref.	7	77	76	77	77	77	58
Montreal Cottons pref.	7	104¼	...	104½	104	104¼	48
Mont. L. H. & P. Cons.	5	86¾	86½	87½	86½	86½	579
Montreal Telegraph	8	...	50	50	50	50	57
Montreal Tramways	10	148½	145	146	144¾	144¾	146
National Breweries com.	4	58	57⅞	58	56¼	58	3391
Ogilvie Flour com.	12	...	185	185	182	185	139
Do., pref.	7	...	108	110	110	110	25
Ont. Steel Products, com.	4	39¾	38	39	38½	38½	50
Pacific Burt com.	2	35	25	35	35	35	5
Ottawa L. H. & Power	6	...	78¾	79	78	79	140
Price Bros.	2	37	36	37	34	37	814
Penman's, com.	8	100	95	100	98	100	55
Do pref.	6	...	85	86½	86	86½	20
Porto Rico Railways pref.	7	76	70	75	75	75	5
Quebec Railway	..	...	23½	24¾	23½	24¼	1415
Riordon Pulp com.	..	6½	5½	6⅝	5	6½	405
Rogers, Wm., com.	..	47	...	50	50	50	2
Do., pref.	7	...	75	79	79	79	2
Russell Motor pref.	..	...	50	50	49	50	18
Shawinigan	7	106	105¾	106½	104½	105½	260
Spanish River Pulp com.	7	67½	65	69	55	69	670
Do pref.	7	81	79¾	81¾	74½	81	3003
Steel of Canada com	7	60½	59½	60½	56½	60½	2082
Do. pref.	7	93	91	93	92½	92½	50
Toronto Railway	..	67½	67	67½	66¼	66¼	222
Tuckett Tobacco pref.	7	82	...	78	78	78	10
Twin City com.	..	39	38	38	37	38	133
Wabasso Cotton	4	60	58	60	58	58½	155
Wayagamack	..	45	44½	45	37½	45	490
Winnipeg Electric	..	34	33⅞	34	32½	34	498
Provincial Paper pref.	7	88	...	87	87	87	95
St. Law. Flour com.	7	68	66	68	68	68	56
St. Maur. Paper	8	...	85	86	86	86	20

Canada's Favorite Pipe Tobacco

OLD CHUM

OLD CHUM
VIRGINIA FLAKE CUT
SMOKING
TOBACCO

In tins and packets

The Tobacco of Quality

Get Behind the Premier!

THE amazing facts of Canada's immense loss of population within the past few decades—as revealed by the census—have given a rude shock to all thinking Canadians. To retain its newcomers as citizens and the sons of its citizens as builders of the Dominion, Canada must assure them at least a modicum of prosperity. In a forceful, trenchant, characteristic article, Agnes C. Laut discusses these issues in the

MacLean's Magazine for March 1st

"What we need," says Miss Laut, "is an united Canada—one unified puissant nation. Each little unit—the Maritime Provinces, Quebec, Ontario (the manufacturers' Paradise), the Prairie Provinces, British Columbia—has pulled for its own little ends, its own little local wants, forgetting that a nation—like a human body—can only attain perfect well-being when all the parts are in well-being, from its little toe (with apologies to P.E.I.) to its stomach (with my compliments to the grain-growing prairies).

"Mackenzie King won. My hat off to him and my sympathy with him; if I had twenty-five thousand miles of adhesive plaster in my possession I would send it to him, to help bind up in unity of aim, action and destiny the disruptive forces of class, creed, race, section, which he must unify if Canada is to avert financial catastrophe and forge ahead in his lifetime to a nation of forty to fifty million people, as it ought."

A Peaceful Session? Perhaps!

By J. K. Munro

The tariff is dead and will stay dead—until the next election; the railway issue is dormant but will show unmistakable signs of life. So says "J. K.," in a timely political article in which he discusses whether the members of the new Cabinet will make the House a talker's Paradise of a worker's sanctum.

Other Striking Fact and Fiction Features:

RANCHING ON THE BOTTOM OF A LAKE—by Charles C. Jenkins. The romantic story of the Kleskun Ranch, which a few years ago was several feet under water, and now—!

TAKING DOWN OUR MEMBERS—by T. M. Fraser. Some of the humorous side lights as viewed by the Hansard reporters in the House of Commons, during the past half century.

WETHERELL'S ROMANCE—By Sullivan.—A poignant piece of short fiction, by a master writer, describing what happened when a consumptive tried to sell mining claims in London, England.

TOTEM POLES.—By Charles P. Cushing. A story of British Columbia and Alaska, of a man who found romance in business—and how he wavered between two girls.

MOSTLY SALLY.—By P. G. Wodehouse. The conclusion of this entertaining serial, in which Sally meets her just reward. And Ginger gets—well—.

PRICED ABOVE RUBIES.—By Luella Stewart. One of those graphic little bits of a cross-section of real life, delineating a story as old as the hills, but ever absorbing.

THE MAUVE MICRASTER.—By G. Appleby Terrill. The account of what happened when a Professor, who collected queer stones, and a girl, who had a queer brother, fall in love with each other.

THE MARCH HARE.—By Guy Morton. A business romance, on facts which recently occurred in a prominent Canadian industry; this handsome young business man not only makes very satisfactory profits by turning the tables on his rivals, but manages to secure a beautiful girl as a prize.

BACK TO THE DAYS OF COTTAGE CRAFT.—By Gertrude E. S. Pringle. Miss Helen Mowat started her industry with $10 capital—and more than a moderate amount of brains. But—she had an idea—and last year she paid out $12,000 to her workers.

Review of Reviews.—This department alone is worth far more than the price of the magazine. It gives a review of world-wide matters of current interest, condensed in most readable form.

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BELL TELEPHONE EARNED LESS THAN DIVIDEND NEEDS

Forced to Draw $776,000 From Surplus to Pay 8 Per Cent.

23,000 MORE SERVICES

And Revenue up $2,000,000—More Capital Required—Half Shareholders Are Women

From Our Own Correspondent

MONTREAL.—The financial statement of the Bell Telephone Company for the year ending December 31, 1921, is particularly interesting in view of the recent application of the Company for increased rates on the grounds that the present schedules endorsed by the Railway Board did not cover legitimate expenses in operation and provide a fair return on the capital invested. The net result of the year's operations left $1,107,620 to provide for the regular dividends of 8 per cent. on the outstanding capital stock of $28,818,000. These required $1,883,630, so that a sum of $776,009 had to be taken from the accrued surpluses from some years ago when operating costs were far below what they have been in the last two or three years. Allowing for this 8 per cent. dividend, which the Railway Board's judgment of April, 1921 declared could be claimed fairly by the Company the past three years showed as follows:

Deficit on Dividend Requirements

	1921	1920	1919
Available for div.	$1,107,620	$ 31,961	$1,483,116
Required for div.	1,883,630	1,800,010	1,440,000
Deficit on div....	$776,009	$1,831,971	*43,116

*More than dividend requirements.

That 1921 judgment went farther and allowed the company, as a matter of principle, an additional 2 per cent. as a surplus. If this were added to the 8 per cent. the company would have required a surplus before dividends of $2,681,800 for 1921 in place of $1,107,620. The net result for the past three years on this 10 per cent. basis would have called for the following additional net revenue:

To Earn 10 Per Cent.

	1921	1920
Req'd for 8% div.	$1,883,630	$1,800,010
Req'd for 2% surp	536,360	453,140
Actual surplus ...	1,107,620	*31,961
Total surp. req'd.	$2,419,990	$2,253,150
Deficit on 10%..	$1,312,370	$2,285,111

*Deficit, not surplus.

(For 1919 there was $43,116 above dividend requirements so that $316,884 additional revenue would have been needed.

Revenue Up $2,000,000

Due to some extent to increased rates but mainly to the steady growth in their business the company's revenue for 1921 showed an increase of over $2,000,000 over the previous year, the total being $18,561,000. Out of this, expenses took $16,519,000 leaving a balance of slightly over $2,041,000 compared with $218,000 a year ago. From this there had to be deducted interest as well as dividends. The actual gain in business during the year amounted to 23,916 new stations or 6.35 per cent. increase. The increased rates allowed by the board last year were about 10 per cent. on exchange service and 20 per cent. on long distance calls.

The company provides as usual this year in its report to its shareholders, a table showing total assets and the relation of net earnings to these assets. In 1910 net earnings amounted to 7.6 per cent. of the assets; in 1915 5.6 per cent.; in 1920 to 1.4 per cent.; and in 1921 to 3.4 per cent.

Earnings and expenses and the relation of earnings to assets compare thus:

Earnings and Expenses

	1920	1921
Telephone rev.	$16,513,384.44	$18,561,829.01
Operation ex.	9,106,078.22	9,545,898.72
Curr. maint..	3,569,162.87	3,829,322.09
Depreciation	2,885,400.00	2,549,715.00
Taxes	734,700.00	595,900.00
Total tel. ex.	16,295,341.09	16,519,935.81
Net tel. earn.	218,043.35	2,041,893.20
Sund. net earn	663,479.53	234,527.56
Total net earn	881,522.88	2,276,420.76
Deduct inter.	913,483.97	1,168,800.38
Balance	31,961.09*	1,107,620.38
Deduct div 8%	1,800,010.00	1,883,630.00
	Debit	Debit
Bal. car. to sur	1,831,971.09	776,009.62

*Deficit.

Net Earnings vs. Assets

Year	Assets	Net Earn.	% net earnings to total as.
1900....	$7,498,762	436,680	5.8%
1905....	14,062,605	1,004,898	7.1%
1910....	22,541,382	7,729,576	7.6%
1915....	39,789,807	2,221,985	5.6%
1920....	62,050,089	881,523	1.4%
1921....	66,339,969	2,276,421	3.4%

Could Not Provide Service

In dealing with its application later in 1921 for a further increase in rates the President, L. B. McFarlane, states that on account of inability to finance adequately while question of earnings was undecided, construction had to be curtailed to the utmost. As a result the number of applicants for exchange service who could not be served, varied throughout the last half of the year from 17,000 to 19,000. For the same reason the company could not provide a reasonable margin of spare plant.

An interesting commentary on general business conditions is contained in a statement that up to the beginning of September there had been an increasing number of applications both for exchange and long distance service. In the last four months of the year there was a noticeable falling off in the use of long distance lines and a slight slowing up in the demand for exchange service. General advertising and efforts to stimulate the use of our long lines was then resorted to, which resulted in at least keeping toll receipts stationary.

Half Shareholders Women

The total number of shareholders is now 4,453 of whom 2,165 per cent. are women. This showed an increase of 964 or 21 per cent. for the year. The company is endeavoring to secure investment in their own stock among the employees.

Working Capital Account

Current Assets—	1921	1920
Cash	$390,823	$186,888
Bills and acc. rec.	1,610,798	$1,181,314
Total..	$2,001,621	$1,368,202
Current Liabilities—		
Acc. payable ...	936,656	918,603
Bank loan	....	837,572
Total	$936,656	$1,756,175

N. B. TELEPHONE DID NOT EARN DIVIDENDS

Increased Rates Did Not Yield The Results Which Had Been Expected

From Our Own Correspondent

ST. JOHN.—The industrial depression affected the business of the New Brunswick Telephone, according to the reports made to the annual meeting of the shareholders, and the increased rates which had been in effect for over a year did not yield the results expected. The company paid its usual eight per cent. dividend, but was unable to set aside the full amount required for reserve. Considering the general business conditions, the directors' report declared the year had been a satisfactory one. Gross revenues were $1,064,529, and operating expenses $894,856, leaving a net revenue of $169,573. Dividends paid however, were $190,411.

The company increased its capital stock during the year by $455,630, and disposed of the money as follows: $195,000 in new plant: $150,000 in liquid reserve of securities account, and $10 000 for buildings. Ninety-four miles of new toll lines and 160 miles of farmers' lines were built: the increase in telephones was 536, bringing the total number up to 24,862. For new construction $205,000 was expended and for reconstruction $113,000.

H. P. Robinson, the managing director, stated that while the prospects for rate reductions were not bright it would be the policy of the company to reduce rates if and when circumstances permitted. The Company was virtually a co-operative association of 2,000 business men of the province and this insured a rate reduction as soon as possible.

NORTHERN WRITES EIGHT MILLIONS

London Company Now Has $26,391,890 Business In Force

The statement presented to the shareholders of the Northern Life Assurance written and revised $8,631,651, being an increase of $767,797 over a year ago. This amount of new business was written in spite of the complete reorganization of the company's field force in January 1921. The total amount of insurance in force has doubled during the past three years and now stands at $26,391,890.

The company's income from premiums less re-insurance, has been increased from $493,240 in 1918 to $796,952 in 1920, while from interest and dividends $188,001 was received. Death claims amounted to $116,059, the mortality rate being only 41 per cent. of the expected. The sum paid to policy holders was $307,138, showing an increase of $43,327 for the year. The total assets of the company have been maintained at $4,168,876, increased from $3,090,573 in 1918. The sum of $1,867,311 has been invested in government and municipal bonds, this amount represents 44 per cent. of total assets. The company's investment in these bonds is $258,132 below their par value and will eventually strengthen the surplus to a considerable degree.

In the statement of liabilities the net reserve on policies has been enlarged from $3,052,538 to $3,417,193 during the year. Bank loans have been reduced from $186,864 in 1918 to $99,460. The excess of assets over all liabilities, $63,679, added to the paid up capital of $490,377 and the amount set aside for participating shareholders, $28,145, amount to the sum of $582,202 which is the surplus fund over and above the government reserve.

STANDARD BUILDS CONTINGENT AND RESERVE FUNDS

The Immediately Available Liquid Assets Were Increased

SAVINGS WELL UP

Only Small Decline in Time Deposits Compared With the General Trend—Contingent Fund Provided

With a decline of $5,827,000 in current loans, the Standard Bank for the year ending January 31st, improved its position as regards immediately available liquid assets although, naturally, profits declined. Investments in government securities increased by $4,560,000 and investments in public securities decreased by nearly $4,000,000.

The total reduction in assets was $6,890,000—the difference between $90,183,000 and $83,293,000. The decline in savings deposits was only $1,102,500, which is a very satisfactory showing in view of the general trend of savings accounts. Demand deposits decreased by $1,166,000, circulation by $1,166,000, circulation by $1,413,000 and the amount due the Dominion government by $3,327,000. A new item of $2,190,000 as deposits made by other banks in Canada appears in the statement. Following are comparative figures of the balance sheet:

Immediately Available Liquid Assets	1921	1920	Changes
Specie . .	$1,750,438	$1,770,638—	$ 20,200
Dom. Notes .	10,529,425	10,982,189—	452,764
Note cir. dep.	200,000	175,000+	25,000
Notes, bk.	..346,184	406,445—	60,261
Bank bal.	..100,000	—.—.—.+	100,000
Do., ab'd	.1,109,437	1,980,053—	870,616
Gov. secs. .	9,029,522	4,469,235+	4,560 287
Cheques .	5,515,514	4,230,349+	921,165
Gold. res.	1,000,000	2,400,000—	1,400,000
	$29,216,520	$26,413,909+	$2,802,611
% total assets . .	35.11	29.31+	5.80
% total liab. to public ...	39.48	32.58+	6.90
Other Assets			
Pub. secs.	$2,843,643	$6,816,973—	$3,973,330
Other sec.	1,202,475	853,307+	349,168
Call loans	2,809,230	2,528,164+	281,066
Current .	45,069,128	50,896,884—	5,827,756
Over debts.	165,457	105,769+	59,688
Lets of cred.	21,302	822,987—	801,685
Real estate	86,540	..........+	86,540
Premises .	1,810,496	1,593,502+	216,994
Other assets	.68,213	152,484—	84,271
	$54,076,484	$63,770,070—	$9,693,586
Total assets	$83,293,004	$90,183,979—	$6,890,795
Liabilities to Public			
Circulation	$4,720,95	$6,134,000—	$1,413,035
Dem. deposits. .	13,211,261	14,377,712—	1,166,451
Savings .	51,909,456	53,011,998—	1,102,542
Due banks .	233,298	1,393,754—	1,160,456
Due else .	583,816	840,843—	257,027
Acceptances .	21,302	822,987—	801,685
Due Govt. .	1,166,841	4,494,000—	3,327,159
Dep by banks	2,190,015	..........+	2,190,015
Other liab.	... 2,707	2,253+	454
	$74,039,661	$81,077,547—	$7,037,886
To Shareholders			
Capital .	$4,000,000	$3,802,001+	$ 197,999
Reserve .	5,000,000	4,800,000+	200,000
Dividends .	140,850	125,787+	15,063
Balance . .	112,493	378,644%	266,151
	$9,253,343	$9,106,432+$	146,911
Total liab.	.$83,293,004	$90,183,979—	$6,890,975

The profits of $725,014 compared with $784,369 for 1920 and $776,310 for 1919. Premium on stock amounted to $148,499. Dividends took $555,115 and in addition to $200,000 added to reserve $300,000 was transferred to contingent account. Following are comparative figures from the profit and loss account:

	1921	1920	1919
Bal forward.	$278,644	$360,537	$227,327
Profits . . .	725,014	784,368	776,310
Prem on stock	148,499	226,501	....
	1,252,157	1,371,407	1,003,637
Dividends . .	555,115	492,720	455,000
Pensions . . .	25,000	25,000	25,000
Tax reserves	20,000	40,000	45,000
Reserves . .	200,000	300,000	......
Tax on circ...	39,550	35,044	35,000
Patriotic	......	......	8,100
Contingent. .	300,000	......	......
Premises .. .	......	100,000	75,000
Balance . . .	112,492	378,643	360,537
	1,252,157	1,371,407	1,003,637

Features of the bank's earnings for the past eight years are as follows:

Year	Earnings	*Rate Rest	% on Cap.	Div.
1921....	$725,014	8.05	18.12	14
1920.....	784,369	9.11	20.63	14
1919.....	776,310	9.70	22.17	13
1918.....	697,443	8.71	19.91	13
1917.....	649,546	8.21	19.08	13
1916.....	580,230	7.63	17.59	13
1915.....	563,401	8.04	18.78	13
1914.....	621,403	9.22	21.28	13

*On capital and rest.

DETROIT UNITED RAILWAY

The negotiations for the purchase of the Detroit United Railway have been delayed, by the fact that there is a difference of $500,000 between the price offered by the city and that asked by the shareholders. The stockholders fixed the purchase price at $20,000,000 for the lines and equipment, exclusive of the Highland Park terminal. A. A. Gingrass who represented the majority of the stockholders, urged the Commission to reconsider its bid, at its next meeting.

Assemblyman Bloch, Democrat of New York, is pushing bill to amend penal law so as to require stock brokers to furnish District Attorney stattment of all customers on books and securities in which they have dealt.

The Real Estate Loan Company of Canada, Limited

BALANCE SHEET AS AT 31st DECEMBER, 1921

Assets

Real Estate held for sale		$ 37,802.73
Loans on mortgages:		
Principal	1,048,504.59	
Interest due and accrued	24,155.87	
		1,072,660.46
Loans on Government and Municipal Bonds		2,377.20
United Kingdom, Dominion of Canada, and Provinces of Canada Securities	49,348.59	
Canadian Municipalities School Districts and Rural Telephone Debentures	124,979.88	
		174,328.47
Cash in Chartered Banks and on hand		28,126.52
		$1,315,295.38

Liabilities

TO THE PUBLIC—		
Sterling Debentures and Interest accrued thereon	452,577.84	
Currency Debentures and Interest accrued thereon	53,988.07	
Open Accounts	507.33	
Reserve for Accrued Taxes	4,800.00	
		$511,873.24
TO THE SHAREHOLDERS —		
Capital Stock Subscribed $500,000.00		
Capital Stock fully paid	500,000.00	
Rest	250,000.00	
Contingent Fund	30,000.00	
Dividend No. 70, payable 3rd January 1922	17,500.00	
Dividends Unclaimed, etc.	519.00	
Profit and Loss Account	5,403.14	803,422.14
		$1,315,295.38

PROFIT AND LOSS ACCOUNT—For Year Ending 31st December, 1921

Interest paid and accrued on money borrowed less Sterling Exchange thereon......	$27,246.25
Expenses of Money Borrowed and Lent............	2,602.47
Cost of Management	13,082.33
Reserved for Accrued Government Taxes	4,567.16
Dividends Nos. 69 and 70	35,000.00
Transferred to Rest	10,000.00
Transferred to Contingent Fund, ...	1,109.50
Balance carried forward	5,403.14
	$99,010.85

Balance forward, 31st December, 1920................	$5,312.97
Less: Voted at Annual Meeting to President and Vice-President	1,200.00
	4,112.97
Income from Interest on Investments	94,897.88
	$99,010.85

EDMUND WRAGGE, President E. L. MORTON, Managing Director

AUDITORS' CERTIFICATE

We have audited the books and accounts of the Real Estate Loan Company of Canada, Limited, for the year ending 31st December, 1921, and have verified the cash, bank balances and securities of the Company. After due consideration we have formed an independent opinion as to the position of the Company. In our opinion so formed and according to the best of our information and explanations given to us, we certify that the above staeements set forth fairly and truly the state of affairs of the Company and are in accordance with the books. All transactions of the Company that have come within our notice have been within the powers of the Company.

S. W. BLACK
H. D. LOCKHART GORDON, F.C.A., Can. Auditors.

Toronto, 28th January, 1922.

"Forty-Seventh Annual Statement"

The Standard Bank of Canada

To the Shareholders:

The Directors beg to present the following Statement of the business of the Bank for the year ended 31st January, 1922:—

PROFIT AND LOSS ACCOUNT

Cr.

Balance forward, January 31st, 1921	$ 378,643.94
Profits for the year ending January 31st, 1922, after deducting expenses, interest accrued on deposits, rebate for interest on unmatured bills, Provincial taxes, and making provision for bad and doubtful debts...	725,014.85
Received from Premium on New Stock issued	148,499.10
	$1,252,157.89

Dr.

Dividend No. 122, paid May 2nd, 1921, at the rate of 14% per annum....	$ 135,882.67
Dividend No. 123, paid Aug. 1st, 1921, at the rate of 14% per annum....	139,342.20
Dividend No. 124, paid Nov. 1st, 1921, at the rate of 14% per annum....	139,890.38
Dividend No. 125, payable Feb. 1st, 1922, at the rate of 14% per annum	140,000.00
War Tax on Note Circulation	39,549.89
Reserved for Dominion Income Tax	20,000.00
Contributed to Officers' Pension Fund	25,000.00
Transferred to Reserve Fund	200,000.00
Transferred to Contingent Account	300,000.00
Balance carried forward	112,492.75
	$1,252,157.89

RESERVE FUND

Balance forward, January 31st, 1921	$4,800,000.00
Transferred from Profit and Loss Account	200,000.00
Balance at Credit, January 31, 1922	$5,000,000.00

GENERAL STATEMENT

31st JANUARY, 1922

LIABILITIES

Notes of the Bank in circulation		$ 4,720,965.00
Deposits bearing interest (including interest to date)	$51,909,455.92	
Deposits not bearing interest	13,211,260.75	
		65,120,716.67
Dividend No. 125, payable 1st February, 1922		140,000.00
Former Dividends unclaimed		850.25
Due to Dominion Government		1,166,841.00
Balances due to other Banks in Canada		233,298.25
Deposits made by other Banks in Canada		2,190,014.83
Balances due to Banks and Banking Correspondents elsewhere than in Canada		583,816.39
Acceptances under Letters of Credit		21,302.20
Liabilities not included in the foregoing		2,707.51
Capital paid up		4,000,000.00
Reserve Fund		5,000,000.00
Balance of Profit and Loss Account carried forward		112,492.75
		$83,293,004.85

ASSETS

Current coin held by the Bank	$ 1,750,438.00	
Dominion Notes held	10,529,425.00	
Deposit in the Central Gold Reserves	1,000,000.00	
		$13,279,863.00
Notes of other Banks	346,184.00	
Cheques on other Banks	5,151,513.51	
Balances due by other Banks in Canada	100,000.00	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	1,109,437.11	
Dominion and Provincial Government Securities not exceeding market value	9,029,521.95	
Canadian Municipal Securities and British, foreign and colonial public securities other than Canadian	2,843,643,52	
Railway and other bonds, debentures and stocks not exceeding market value	1.202,475.12	
Call and Short (not exceeding thirty days) Loans in Canada on bonds, debentures and stocks	2,809,229.83	
		22,592,005.04
		$35,871,868.04
Other Current Loans and discounts in Canada (less rebate of interest)..		45,069,127.90
Liabilities of Customers under Letters of Credit as per contra		21,302.20
Real Estate other than Bank Premises		86,540.00
Overdue Debts, estimated loss provided for		165,456.71
Bank Premises, at not more than cost, less amounts written off		1,810,496.33
Deposit with the Minister for the purposes of the Circulation Fund....		200,000.00
Other Assets not included in the foregoing		68,213.67
		$83,293,004.85

W. FRANCIS, President. C. H. EASSON, General Manager.
Toronto, 31st January, 1922.

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have compared the above Balance Sheet with the books and accounts at the chief office of The Standard Bank of Canada, and the certified returns received from its branches, and after checking the cash and verifying the securities at the chief office and certain of the principal branches on 31st January, 1922, I certify that, in my opinion, such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of my information, the explanations given to me, and as shown by the books of the Bank.

In addition to the examination mentioned, the cash and securities at the chief office and certain of the principal branches were checked and verified by me at another time during the year, and found to be in accord with the books of the Bank.

All information and explanations required have been given to me, and all transactions of the Bank which have come under my notice have, in my opinion, been within the powers of the Bank.

G. T. CLARKSON, F.C.A.,
of Clarkson, Gordon & Dilworth, Toronto, Canada.

Toronto, February 20, 1922.

MONEY BANKING AND EXCHANGE

WHY RETAILERS ARE NOT ENTITLED TO BANK CREDITS

General Manager of Bank of Hamilton Deals With Question

SELLER GRANTS CREDIT

Reasons Why Loans to Manufacturer Differ From Those Made To The Retail Merchant

It is often a difficult or even embarrassing matter for branch bank managers in smaller business centres to explain to retail merchants why it is not possible to grant the credits asked. And these difficulties are increased in a community where there are manufacturing concerns and the manufacturers are able to get loans which are, apparently, granted on no better security. This question of the relationship of the banker and the retailer was ably explained before the annual convention of the Ontario Retail Hardware Association by J. P. Bell, general manager of the Bank of Hamilton.—J.W.T.

The grounds for regular lending to a retailer are something like a chapter on "Snakes" in a celebrated book on the natural history of Ireland. There are none. As a general rule retail merchants are not entitled to unsecured advances.

A merchant who takes considerable credit from a jobber or wholesaler should be able to obtain all the credit he needs from that source, and as a rule a bank should not lend unless he is able to put up good trade bills or other satisfactory security. Bear in mind that a bank can only profit to the extent of the bare interest on its loan, whereas the wholesale merchant has a margin of, shall we say, 20 per cent. to fall back on in case of loss.

Quite often bank loans are sought in order to enable a retail merchant to take advantage of his cash discounts. Do not forget that the usual minimum discount granted by the seller for cash is 1 per cent. per month, or 12 per cent. per annum, that being in effect his estimate of the degree of risk which the bank is asked to take for 7 per cent. or even less. The transfer of an obligation from the creditor (the wholesaler) to the bank, does not diminish by half the risk of the accommodation, and it is illogical to assume such risks by an ordinary bank. Besides these frequently lead to lax methods of collecting on the part of the retail merchant.

Case for Manufacturer

"But," you will say, "why is the bank willing to lend to a manufacturer?" There is this fundamental difference. The merchant, if his credit is good enough, can put his stock on his shelves without spending a single dollar except for freight and duty. Good credit will enable him to obtain all he wants from manufacturers here or from wholesalers abroad, but a manufacturer cannot do this. From the time he begins operations he has to provide for cash expenditures which never cease until goods are sold. In most cases he must pay cash for his raw material and his fuel. His pay-roll of wages faces him week by week and must be met. There is no possibility of asking credit here. In some lines where wages are the most important item of cost, getting the money to pay the wages is the most harrassing of all financial pressures, much greater than meeting accepted drafts, for the drawers of these can be approached for a renewal in a pinch, while a request to a lot of working men to defer payment of wages is quite impossible. In such circumstances the manufacturer must have recourse to his banker.

Under the Canadian Bank Act special facilities are provided to enable him to give security upon the goods, wares and merchandise manufactured or procured for manufacture, so that he may meet this difficulty. This has been a tremendous factor in building up the business and prosperity of this young country where capital is naturally scarce, and accumulated wealth is not pressing for investment as it is continually in older countries.

Retailer Doesn't Need Bank's Advance

It is clear, therefore, that a merchant having the power to buy goods at all times on credit, has no reasonable ground for asking regular advances from his banker. He is a foolish man who starts in business without some capital, and surely the minimum should be enough to take care of freight and customs duties, and to keep him from being wholly dependent upon the good will of others. It is therefore that loans to merchants are considered as irregular in the nature of things, and only to be granted in exceptional circumstances.

I have already stated that the Bank Act permits a manufacturer to give security upon his product, but it would be most improper to allow a merchant to do so, for a large part of a merchant's stock has usually been bought on credit. The goods on his shelves are probably not yet paid for, and therefore it would be most inequitable to allow him to pledge these for advances, or for the bank to count upon them.

There are, of course, circumstances, generally seasonal, which makes it perfectly right and proper for a bank to grant temporary advances to a merchant, but they should never last more than two or three months at the most, and where they are granted to a firm, the endorsement or guarantee of each individual in it should be obtained; or if the business is carried on by a joint stock company, the guarantee of the principal stockholders. This may seem a bit harsh, but it is the duty of a bank to get security for its loans, and experience shows that lending upon the general credit of an individual is sooner or later a cause of loss and worry.

BANKER AND FARMER MUST CO-OPERATE

Banks Prosperity Depends Upon Success of Agriculture in Its Community

Addressing the Pennsylvania Bankers Association, R. R. Welch, of Grove City advocated a closer co-operation and interest by the banks, with the farmers. As an example of the dependence of the banks prosperity, on the success of the agriculture of its community, he explained how the deposits of his bank had grown from $800,000 to $1,800,000 within a few years.

Farming had declined in his community to an alarming condition, he explained, when the bankers of Grove City organized to encourage the introduction of pure-bred cattle and modern agricultural methods. Within four years their efforts had raised the average butter-fat production of cows there from 224 pounds to 300 pounds. If the same rate of increase were developed throughout Pennsylvania, he said, the annual income would be $35,000.000 greater.

BANK OF ENGLAND RATE CUT TO 4½%

This is the Lowest Rate Since 1914, Indicates Return of Normal Conditions

The action of the Bank of England in reducing the minimum discount rate from 5 per cent. to 4½ per cent., brings the British bank rate back to the pre-war level. This is another indication of the progress being made in adjusting trade and commerce to a sound basis. When it was announced by the Bank of England, that the issue of 5% treasury bonds of 1927, had been suspended until further notice, the feeling in both London and New York was that such action was a forerunner of a lower British Bank rate. Then again day-to-day money in London is a drug on the market, and can only with difficulty be employed at 1½ per cent., call loans being as low as 1 per cent.

The 5 per cent. rate has been in effect since November 3, 1921. The New York Federal bank, on that date reduced the rate from 5 per cent. to 4½ per cent., but it was not until now that the Bank of England "met" this rate. It is quite probable that the New York rate will be reduced still further, in the very near future. On April 28, 1921, the Bank of England reduced its rate from the high point of 7 per cent. to 6½ per cent. On June 23, 1921 it was further reduced to 6 per cent, while on July 21, 1921, it was cut to 5½ per cent. A falling bank rate is an indication that progress is being made in clearing up the difficulties of the reconstruction period. A rise in the bank rate on the other hand is a warning of trouble ahead in the industrial world. It is quite likely that the expected bad news from India, was a factor in keeping the rate up.

BANK OF NORTH DAKOTA

Heavily involved in Banks which Have Been Closed

According to a statement made public by the officials of the Bank of North Dakota, there was $920,790.50 in re-deposits and $398,842.91 loaned to 27 closed banks from the Bank of North Dakota on October 23, last.

All of this money has been listed heretofore as being part of the live assets of the Bank of North Dakota, in the monthly statements issued under the old administration.

HARVESTER CUTS TRACTORS

Reduction Made to Meet Competition Says President McCormick

International Harvester announces at Chicago an immediate reduction of $230 in two plow tractors and $300 in three plow tractors, and until May 1 will present every farmer purchasing one of these tractors with a two or three furrow tractor plow or tractor disc harrow.

President McCormick says the reduction is not justified by any present or prospective reduction in manufacturing costs. It is made chiefly to meet competition and enable our dealers to retain their position in the tractor trade. The burden of this reduction and cost of plows and harrows is borne by the company.

BANKRUPTS MUST HAVE DISCHARGE TO GO INTO TRADE

New Laws Designed to Protect The Honest Debtor

AN OLD PROBLEM

Bankruptcy Act Not Used As Clearing House for Debtors' Liabilities as Commonly Understood

By LEWIS DUNCAN

In Address to The Toronto Bankers' Educational Association

The Bankruptcy Act which was passed in 1919, was not the first act to be passed in Canada. In practically all provinces prior to Confederation there was some form of bankruptcy act or insolvency legislation. After federation the Dominion had for a time a general bankruptcy law but this was repealed in 1880. From 1880 to 1919 there was no general bankruptcy law in Canada, this resulted in a diversity of laws in all the nine provinces.

Every great commercial state has some form of insolvency legislation. England has not been without a bankruptcy act since 1542. The present Canadian act is designed to meet three things; first, to bring about a general deflation, that is to say to wipe off all debts which can never be collected and which therefore can no longer be considered as assets; second, to punish the fraudulent trader and to afford creditors a means of preventing, so far as criminal law can prevent, the perpetuation of fraud in trade; third, to open the door of hope to honest traders who through sudden falls in prices or through other causes beyond their control have been overtaken by a financial calamity. There never will be a time, when there will be no insolvents, in any country. The problem which is attacked by the Bankruptcy Act is attempting to deal with the problem of insolvency in a way which will be fair all round. The reasons for insolvency are as follows: cases of pure misfortunes, cases of culpability or incompetence and cases in which the criminal element is present.

Improving on Roman Law

How can this problem be treated? The historic way of dealing with bankrupts was to treat them as criminals. By the Roman law of the Twelve Tables the creditors to a debtor could in the last resort divide his body amongst them. In all early communities such as those of Greece and Rome and amongst the Jews, creditor could seize debtor and sell him as a slave if he did not pay. The change to less drastic punishments was gradual and imprisonment for debt was substituted for slavery. Imprisonment for debt has lasted until recent times.

The other extreme is not to treat the debtor as a criminal but to do nothing. Under the Voluntary Assignment legislation in force in the provinces prior to the passing of the bankruptcy act, the debtor was always subject or might always be subject to judgment and as soon as he began to get something together, it might be seized by any creditor who held a judgment. Also the debtor could be prevented from starting again.

The Bankruptcy Act to treat the problem as a whole and to deal with the fraudulent debtor on a different basis than that meted out to the others. This is done by the discharge provisions of the act. There is a popular misconception to the effect, the Bankruptcy Act is a clearing house for liabilities. On the contrary no debtor can get rid of his liabilities until he receives a "Discharge," from the bankruptcy court. The court in all cases has a discretion as to whether a discharge will be granted or not and section 58 of the act provides—that in certain cases the court must refuse his discharge or suspend it. If the debtor has committed any offence of the Bankruptcy Act the court must refuse his discharge. Bankruptcy offences are set forth in section 89 of the act and includes, mutilation and falsification of books fraudulently obtaining property on credit and not paying for the same, pawning, pledging or disposing of property obtained on credit and not paid for, unless such pawning, pledging or disposing of property is in the ordinary course of trade; and some thirteen other acts are enumerated in that section.

In addition, to be refused his discharge, the debtor who commits any of these offences is guilty of an indictable offence and liable to a fine not exceeding $1,000 or up to two years in prison or both fine and imprisonment. The Bankruptcy Act also specifies some eleven other matters on proof of any of which the court shall either refuse the discharge or suspend it. Before giving the bankruptcy his discharge it requires of him to consent to judgment being entered up against him, for certain debts. These include; Ommission to keep proper books of accounts, not having assets

(Continued on page 12)

The Commonwealth Life and Accident Insurance Co.

Head Office - HAMILTON

Organized under the Ontario Insurance Companies Act.

Authorized Capital $2,000,000

The object of the Company is to sell Non-participating or Low Cost Insurance with special features such as Double Indemnity and Total Disability.

A large block of the Company's Stock was subscribed before organization had been announced. The balance is now offered for subscription at $110 per share, of which $20.00 is being called.

Provisional Directors

William Hugh Wardrope, King's Counsel, Hamilton
George Charles Coppley, Gentleman, Hamilton
William Hunter, Insurance Agent, Hamilton
John Pearson Whelan, Merchant, Hamilton
George James Guy, Merchant, Hamilton
Walder Parke, Druggist, Hamilton

For further information and prospectus write William Hunter, Managing Director, 10 Sun Life Building, Hamilton.

THE BELL TELEPHONE COMPANY OF CANADA

COMPARATIVE STATEMENT OF EARNINGS and EXPENSES 1920 & 1921

	1920	1921	Increase
Telephone Revenue	$16,513,384.44	$18,561,829.01	$2,048,444.57
Operation Expense	9,106,078.22	9,545,898.72	439,820.50
Current Maintenance	3,569,162.87	3,829,322.09	260,159.22
Depreciation	2,885,400.00	2,549,715.00	335,685.00*
Taxes	734,700.00	595,000.00	139,700.00*
Total Telephone Expenses	16,295,341.09	16,519,935.81	224,594.72
Net Telephone Earnings	218,043.35	2,041,893.20	1,823,849.85
Sundry Net Earnings	663,479.53	234,527.56	428,951.97*
Total Net Earnings	881,522.88	2,276,420.76	1,394,897.88
Deduct Interest	913,483.97	1,168,800.38	255,316.41
Balance	31,961.09†	1,107,620.38	1,139,581.47
Deduct Dividends 8%	1,800,010.00	1,883,630.00	83,620.00
	Debit	Debit	
Balanced Carried to Surplus	1,831,971.09	776,009.62	1,055,961.47

* Decrease. † Deficit.

ASSETS

Real Estate	$ 5,249,272.46
Telephone Plant, etc.	56,272,635.99
Furniture, Tools and Supplies	2,050,303.52
Cash	390,823.94
Bills and Accounts Receivable	1,610,798.83
Prepaid Expenses	211,209.68
Unamortized Bond Discount	231,840.59
Investments	2,767,757.45
	$68,784,642.46

LIABILITIES

Capital Stock Issued	$26,818,000.00
Bonds 1925 (5%—$11,250,000), (7%—$5,500,000)	16,750,000.00
Accounts Payable	936,656.11
Accrued Liabilities not due	1,258,472.38
Due to Bank	....
Unearned Revenue	20,114.20
Employees' Benefit Fund	500,000.00
Surplus and Reserves	22,501,399.77
	$68,784,642.46

DIRECTORS' REPORT

While the net gain in subscriber stations during the year was 23,916, equal to 6.35 per cent., this does not represent by any means the demands for telephone service in our territory.

The gross receipts show an increase of $1,619,493 over the preceding year, but do not reflect an entire year's revenue at the advanced rates.

The Company's statement of earnings and expenses for the past year shows a net improvement of $1,055,961.47. This, however, was not sufficient to meet our full dividend requirements by $776,009.62, which amount was taken from Surplus.

The year 1921 opened with our application for increased rates still pending, and closed under the same circumstances. This hearing, which commenced in 1920, was concluded on the 25th of January, 1921; judgment was rendered by the Board on the 1st of April, followed by an Order on the 13th April. The Order allowed an increase of approximately 10% on Exchange Service, estimated to produce $1,000,000, 20% on Long Distance charges, estimated to produce $969,033, and a Service Connection charge, estimated to produce $181,100, in round figures $2,100,000. A temporary reduction in the annual rate of depreciation on average depreciable plant to 4% was also ordered as an emergency provision, which was presumed to afford additional relief to the extent of about $900,000.

REVENUE NOT ADEQUATE

It soon became apparent that the results expected from the Order would not be attained, and on the 23rd July, 1921, a fresh application was made to the Board setting forth that the rates authorized were not producing sufficient revenue to meet the Company's dividend requirements, and therefore, did not carry out the intent of the Order. The Company urged that without adequate rates it was not in a position to obtain the additional capital to provide necessary plant required to meet the accumulating demands for telephone service on the part of the public.

With the application was submitted for approval a tariff of rates for certain classes of exchange service calculated to provide the amount required.

Hearings were held at various times, beginning 5th October, 1921, and the case concluded on the 21st December. By its decision given on the 7th day of February, 1922, the Board, by a majority, refused our application on the ground that there was no longer an emergency situation, and that, therefore, the Company was not entitled to an increase of the existing rates, but should instead proceed to prepare and submit a tariff which would eliminate any inequalities and discriminations in its rates. The majority of the Board expressed the opinion that, pending the preparation of a new tariff, and adjudication thereon by the Board, the Company's credit would not be impaired, and that the Company could finance any temporary requirements to cover extensions and new business.

CONSTRUCTION HELD UP

The number of applicants for exchange service whom we have been unable to serve has varied throughout the last half of the year from 17,000 to 19,000.

On account of our inability to adequately finance while the question of earnings was undecided, construction had to be curtailed to the utmost.

For the same reason we are also debarred from making provision for the expansion of the business by providing a reasonable margin of spare plant, which would enable us to promptly execute orders. Unless provision is thus made in advance, great delay is inevitable, and expenditures made on a hand to mouth basis are wasteful and inefficient.

Up to the beginning of September we continued to receive an ever increasing number of applications for both exchange and Long Distance service. In the last four months of the year there has been a noticeable falling off in the use of the Long Distance Lines, and a slight slowing up in the demand for exchange service. General advertising and efforts to stimulate the use of our long lines was then resorted to, which resulted in at least keeping toll receipts stationary.

The number of Shareholders at the 31st of December, 1921, was 4,453, of whom 2,165 or 49% are women. This compares with a total of 3,489 Shareholders at the end of 1920, an increase of 964 during the year or over 21%. This increase is gratifying, but we feel that in view of the universality of our service our stock should have a wider distribution. We have taken certain steps in this direction, and hope during the current year to secure a still larger number of Shareholders.

PRAISE FOR STAFF

We take pleasure again in expressing our appreciation of the good work done by the staff, with whom our relations have been happy and harmonious during the year, and especially thank them for their voluntary and successful efforts towards advancing and maintaining good public relations, and effecting a pronounced improvement in the telephone service during 1921.

Dominion Power and Transmission Company, Limited

Head Office - Hamilton Canada

DIRECTORS

Sir John Gibson, K. C. M. G., K. C.; Lieut.-Col. J. R. Moodie, James Dixon, W. C. Hawkins, Lloyd Harris, Charles E. Neill, Cyrus A. Birge, Wm. E. Phin, Robert Hobson, John Dickenson.

President—Lieut.-Col. J. R. Moodie *Vice-President*—Cyrus A. Birge
Treasurer—James Dixon.
Managing Director and Secretary—W. C. Hawkins
General Manager—E. P. Coleman
Bankers—Harris Forbes & Co., New York, and Canadian Bank of Commerce
Solicitors—Gibson, Levy & Gibson
Auditor—C. S. Scott, F. C. A.

Annual Report

To the Shareholders of the Dominion Power & Transmission Co., Limited:—

At the time of presentation of the last Annual Report your board felt that the time was then near for such general and substantial changes in the cost of operation that the year now passed would have shown improved results. It has been very disappointing that no success has been achieved in the reduction of expenses; on the other hand there has been an increase of $74,411.95. Toward the end of the year the earnings of the Railways began to decline very materially. The result of these conditions is set out in the Annual Statement appended hereto.

Rates of fare and wages have been the subjects of serious consideration by the board. The city government has practically admitted the necessity of relief for the Street Railway in the matter of rates of fare, while there has been a marked improvement in the rate of exchange.

Our operating properties are in excellent condition, having been improved in that regard. This fact is specially worthy of mention, as the costs of labor and material have made this continuation of our policy burdensome under existing conditions.

Bonds to the amount of $34,000.00 have been issued, and there have been redeemed $139,000.00. The total of Reserves and Profit and Loss Accounts have increased by the sum of $121,918.30, bringing that total up to $3,340,080.54.

The usual statement of the results of the year's business duly audited is included herewith.

Respectfully submitted,
WM. C. HAWKINS, *Secretary.*
J. R. MOODIE, *President.*
Hamilton, Ontario, 20th February, 1922.

Annual Statement

For year ending 31st December 1921

Being a statement of combined results of operations of the Company and its Subsidiary Companies.

EARNINGS AND EXPENSES

Gross Earnings		$ 3,758,947.27
Operating Expenses		2,846,287.94
		$ 912,659.33
Bond Interest and Interest	$ 446,116.44	
New York Exchange, 1921	59,185.62	505,302.06
		$ 407,357.27

ASSETS

1921		
Dec. 31st.	Properties	$23,542,079.91
"	Accounts Receivable	153,679.40
"	Stores on Hand	245,425.62
"	Cash on Hand	17,496.52
"	Cash in Trustees' Hands for acct. of Sinking Fund	13,365.13
"	Bonds purchased for Sinking Funds	7,417.88
		$23,979,464.46

PROFIT AND LOSS

1921			
Jan. 2nd.	Balance from 1920		$ 940,525.91
Dec. 31st	Surplus Earnings, 1921		407,357.27
"	Bad Debts, etc., written off	$ 2,670.41	
"	Income Tax Paid	15,613.14	
"	Dividends	257,677.00	
"	Balance	1,071,922.63	
		$ 1,347,883.18	$ 1,347,883.18

LIABILITIES
To the Public

1921			
Dec. 31st	Accounts Payable		$ 143,272.95
"	Bond Interest Accrued		114,195.05
"	Insurance Accrued		57,945.56
"	Bank Overdraft		197,104.86
"	Bonds, including Outstandings of Subsidiary Corporations issued	$10,064,000.00	
"	Bonds Redeemed	1,463,000.00	8,601,000.00
	To Shareholders		
Dec. 31st	Capital Stock, Cum. Pref.	$ 3,681,100.00	
"	Capital Stock, Ordinary	7,714,500.00	$11,395,600.00
"	Dividends Payable 15th January, 1922		130,265.50
"	Maintenance and Renewals Reserve		505,898.44
"	Reserve for Depreciation		1,750,000.00
"	Reserve for Inventory		12,259.47
"	Profit and Loss		1,071,922.63
			$23,979,464.46

On behalf of the Board,
J. R. MOODIE,
W. C. HAWKINS,
Directors.
Hamilton, Ont., February 7th, 1922.

I have audited the books and accounts of the Dominion Power and Transmission Company, Limited, and also those of its various Subsidiary Companies, for the year ended 31st December, 1921, and have been furnished with vouchers for all expenditures. I have obtained all the information and explanations I have required; and in my opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of my information and the explanations given me, and as shown by the books of the Company.

C. S. SCOTT, F. C. A.
Auditor.

THE PRESIDENT'S REMARKS

February 20th, 1922.

In moving the adoption of the Annual Report and Statement, I shall mention briefly some of the main factors in causing disappointment over the results of the business of the year 1921. To soften that feeling to some extent is the fact that business conditions are producing similar results in most lines.

It will be noted that our gross business is in apparent good volume, being little less than that of 1920. The fact is, however, that the services we render are worth much more than we have been able to secure for them and volume is not so desirable under such conditions as might appear. It follows that the operating cost has been the chief concern of the Board and Executives of the Company.

The abnormal features of this operating cost in the order of their importance are:—Wages, Cost of Supplies and Material, Taxation and Exchange. You are aware of the fact that we are adjusting the wages, doing so with as much consideration for our men as is possible, and we look for a steady reduction in the costs of material.

Taxation is laid on us without regard to the special conditions of our business. Ordinary business can and does pass its taxation along to the consumer in the price of their commodity. This, of course, cannot be done by us. The item is serious, as you will realize when I say that the aggregate of our taxes—Federal, Provincial and Municipal—was almost $200,000.00.

The City Council has been struggling to decide between their conviction that our Street Railway must have very substantial relief in the matter of fares and hesitation in granting the same, it being for the moment easier to do nothing than to do something effectual. Meanwhile that Company has begun on the course so many railways have followed, ending up with the unpleasant result that can be now observed in our neighboring city. I do not suggest that our Company will long be obliged to follow this course, but if it does the like result may be looked for.

Much stress is laid by various writers on the inefficiency of men, due to the effect of war conditions. I am glad to say that while we have had some experience of this, still it is due our employees to say that it has been very little. Our relations have been most pleasant and practically our only differences have been those forced on the Company by the times and the antiquated fare regulations on our railways.

Many of our shareholders hear said—often perhaps—that the street railway should be made to live up to the bargain made in 1892. I should say to you that since that contract was made much legislation has been passed, altering the obligations, duties and the general situation of that Company, without our consent, against our protest and without the provision of any means of recouping ourselves for the costly impairment of our position under that bargain. In short, our contract has been altered to our detriment, most seriously, and while our costs and burdens have been steadily added to and no corresponding relief or consideration shown to us, the returns to us are supposed to go along as before. No fair man could approve of this quite one-sided exercise or really abuse of power on the part of the Legislature.

This is, perhaps, enough in the way of indicating some of the difficulties with which the Board has been contending. The adverse conditions are, no doubt, of a temporary nature and when the necessary readjustments have been achieved you may look forward to much more satisfactory reports from us.

It is again my pleasure on behalf of the Board to express their appreciation of the services of the Managing Director, General Manager and the several heads of the various departments of our system, who are doing their best for the interests of the Company and the public generally.

I have much pleasure in moving, seconded by the Vice-President, the adoption of the report and financial statement.

Dominion Power and Transmission Company Limited Controls and Operates the Following Properties:

HAMILTON
The Hamilton Cataract Power, Light and Traction Company, Limited
The Hamilton Electric Light and Power Company, Limited.
Hamilton Street Railway Company.
Hamilton and Dundas Street Railway Company
The Hamilton Radial Electric Railway Company.
The Hamilton, Grimsby and Beamsville Electric Railway Company.
The Brantford and Hamilton Electric Railway Company.
Hamilton Terminal Company, Limited.
DUNDAS
The Dundas Electric Company, Limited.
ST. CATHARINES
The Lincoln Electric Light and Power Company, Limited.
WELLAND
Welland Electrical Company, Limited.
BRANTFORD
The Western Counties Electric Company, Limited.

NEWS AND VIEWS FOR MANAGERS

FARMERS NEED MARKETS RATHER THAN BANK LOANS

Governments Interested In Wrong End of The Problems

AS TO LOCAL BANKS

They Disappeared in Canada Because the Big Chartered Institutions Gave More Efficient Service

By A. B. BARKER, Manager Toronto Clearing House

Wellington Hay, the acting Provincial Liberal leader, advocates the establishment of farmers' banks, to be controlled and administered locally and from the applause which greeted his statement in the legislature it is evident that many are thinking along these lines. The plan, or possibly it is better to term it an idea, is vague as yet, but may take more definite shape later.

The avowed object is to assist in the financing of farm operations and with this there can be no quarrel.

Farming cannot be carried on without credit any more than other classes of business, and it is entitled to the same consideration as any other basic industry. One difficulty with farm loans and credit generally is that the farmer's turnover of his product is necesarily slower, and usually his whole season's results are staked on one market. With the ordinary dealer who is not an actual producer this is not the case, as if he makes a loss in some transactions he has other chances of recouping during the rest of the season. A farmer then naturally wants credit which will enable him to hold his stuff as long as he likes.

On the other hand, when a farmer gets ahead to the extent of having a savings deposit, he, like the rest of us, desires to have it immediately available when he wants to draw on it, and in order to do this the bank must insist on the advances made being kept as liquid as possible.

Loans and Mortgages

In the United States the Federal Reserve Act provides for the rediscounting of farm paper, as well as trade paper founded on transactions in merchandise, and while with the latter the limit of maturity is three months, with farm loans the limit is six months, at the end of which the advances must be retired. In Canada there is no such fixed limit but there are few cases where a farmer with a good record and a standing which would entitle him to accommodation has been refused advances even in times of stringency, provided the funds were required for actual farm operations. If to pay off a mortgage or make a payment on land, or even to pay the interest on the mortgage, advances have been refused and for unassailable reasons. A loan to pay an instalment on a mortgage, unless to be paid within a short time from sale of produce, would be a poor banking loan. If the borrower has the funds in sight to repay, it might be satisfactory, but if the loan is wanted because the borrower has gone behind, the proper party to carry the indebtedness will be the mortgagee, as he has specific security.

Apparently, however, the thought behind the farm bank idea is that the funds are to be raised on the credit of the province, and this would in practice mean trouble inevitably, simply because of the impossibility of obtaining repayment of advances. In Saskatchewan they have already found this out. North Dakota is also a case in point. There the system was different. They merely passed laws making it impossible for a creditor to force payment of a loan, with the result that some thirty or so small banks locally owned and administered have gone to the wall, as, being unable to collect their loans they were naturally unable to pay their depositors.

The Old Private Bank.

In former years in Ontario there were many local banks. These took in deposits and made loans locally, but one after another they lost out, the chief reason being that depositors preferred the safety of a larger institution for their deposits, and in the matter of loans any borrower of standing found it much cheaper to obtain accommodation from a chartered bank. The result was of course that the private bankers' clients were restricted largely to those who were not in a position to borrow from a chartered bank in the usual course. There was no pressure from the latter, the business went to them simply because they gave better service at lower rates, and now the small local institution has so restricted a field that its chances of success are very slim.

It looks as if there would be a far better field for Government assistance in promoting organizations of farmers to facilitate community buying and marketing of produce. The real profit to the farmer comes from the sale of what he has grown or bred. He must realize on it, as there can be no profit in holding it, and the profit is simply the difference between the cost to him and the price he gets. The problem of the farmer is essentially the same as that of any other trader, the only difference being that one has a slower turnover than the other. In Europe where farm operations have been financed successfully by community dealings this is clearly recognized. There, of course, markets are closer, and before any plan can be put in operation here, the greater distance of the markets must be allowed for.

The one great hope for a betterment of conditions here is in the discussion that is now going on as to ways and means, and the admitted necessity for co-operation to produce results.

Our Parliament Should Act

WHETHER the Minister of Finance deems it advisable or not in the public interest to order an investigation into the looting of the Merchants Bank, covering the directors, the management, and the auditors, it will be difficult to smooth over this shameful episode in Canadian banking history. Members of Parliament should force an inquiry. It is in the interests not only of the shareholders, who lost equity of at least $10,000,000, but in the interests of all the other banks in Canada that responsibility in this case should be fixed. As the matter stands there is a natural doubt in the minds of shareholders and depositors of all banks as to whether the Merchants Bank case should be considered as revealing weak spots in the personnel of a particular bank, or whether the huge losses sustained implied weak spots in the banking system in general. In the main the former view would appear to be the more justified from a study of what took place, insofar as a study is possible with the rather meagre evidence so far made public. On the other hand it is to the interest of all who are officially connected with the banks of Canada that any legislation that could tighten the existing laws and lessen the effect of individual lapses should be brought forward. Nothing would reveal this so clearly as an investigation of a specific case.

STERLING MOVES TO NEW HIGH AT $4.40

New York Funds Touch Lowest Levels Since March 1919

Sterling exchange continued on its upward swing throughout the week, new high levels were touched at $4.40 3-8. The steady improvement in Sterling indicates that Britain is rapidly working into a position where she can assert herself as an outstanding factor in the world's market. Francs strengthened during the week, due to speculation, guilders also moved forward.

New York funds reached the lowest levels at 2 13-16, since the fixed rate on sterling exchanges was discontinued in March 1919. The strength in Canadian funds is due in part to the rumours of Federal financing to be carried out shortly in the United States, the purchase of Canadian internal bonds by American investors and the wheat shipments from Canada to the U. S. which have been of fairly large volume.

NEW YORK FUNDS

Feb. 16—Opened at 3¾, moved to high of 4 1-16, closed at 4.

Feb. 17—Weak all day, reached low of 3⅝, closing at 3 11-16.

Feb. 19—Market steady, closed at 3 15-32.

Feb. 20—Funds reached lowest levels since March, 1919, at 3⅛.

Feb. 21—Continued downward swing, opened at 3, closed at 2 13-16.

Feb. 22—Further weakness was evident, net change for day 3-16, closing at 2⅝.

Sterling and Francs

	Sterling		Francs	
	Demand	Cables	Demand	Cables
Feb. 16	$4.34¾	$4.35½	11.55	11.57
Feb. 17	4.35½	4.36¼	11.48	11.50
Feb. 19	4.37⅝	4.38⅛	11.30	11.32
Feb. 20	4.39⅝	4.40⅛	10.91	11.93
Feb. 21	4.40⅝	4.41⅛	10.93	10.95
Feb. 22	4.40⅛	4.40⅞	10.98	11.00

IMPERIAL TRUSTS

Profits Declined But Dividends More Than Earned.

Although the net profits of the Imperial Trust Company declined during 1921 as the result of prevailing conditions the total of $14,687 was more than sufficient to pay the regular dividends of $12,984 and leave a balance to be carried forward, the balance now totalling $22,645. Following are comparative figures for the past three years:

	1921	1920	1919
Net profits	$14,687	$22,857	$13,573
Bal. forward	20,942	10,417	3,010
	$35,629	$33,274	$16,583
Dividends	12,984	$12,332	$ 6,165
Balance	22,645	20,942	10,417
	$35,629	$33,274	$16,583

The president, James H. Mitchell, points out that in spite of depression in all lines of business the company maintained a highly satisfactory average. Its securities specially allocated to trust deposits show the high percentage of 55.27 per cent. The volume of new business is regarded as satisfactory.

Weekly Bank Clearings

In comparison with same week last year

EASTERN CITIES

	Feb. 16, 1922	Change	%
Toronto	$86,212,355	—$16,530,779	16.0
Montreal	86,106,528	—13,846,526	13.8
Ottawa	6,130,424	—1,097,881	15.1
Hamilton	4,575,623	—1,137,945	19.9
Halifax	2,866,732	—207,733	6.7
St. John	2,476,112	—25,212	1.0
Windsor	2,648,475	—19,632	.7
London	2,529,848	—183,998	6.7
Brantford	994,447	—183,447	15.5
Kitchener	829,651	—93,903	10.1
Moncton	840,910	—99,205	10.5
Sherbrooke	783,603	—453,174	36.6
Peterboro'	610,088	—279,582	31.4
Quebec	4,899,583	—1,298,440	20.9
Total East	$202,504,379	—$35,457,497	14.4
Kingston	527,425	....	...

WESTERN CITIES

	Feb. 16, 1922	Change	%
Winnipeg	$43,855,822	—$ 1,543,289	3.3
Vancouver	12,088,458	—830,135	6.4
Calgary	4,453,726	—1,143,525	20.4
Edmonton	3,709,826	—567,602	13.2
Regina	2,601,655	—547,437	17.6
Saskatoon	1,334,734	—285,456	17.6
Moose Jaw	918,818	—243,953	20.9
Ft. William	728,381	—116,454	13.7
Lethbridge	519,189	—132,057	20.2
N. West'ster	423,883	—207,440	32.8
Brandon	492,654	—139,604	22.0
Med. Hat	287,812	—64,405	18.2
Pr. Albert	260,431	—24,334	8.2
Total West	$ 71,675,389	—$ 5,845,691	7.5
Grand total	$247,179,768	—$41,303,188	13.0
Victoria	1,911,812	....	....
Yr. to date	$2,131,774,991	—$253,307,511	10.6

DULUTH-SUPERIOR

Passenger earnings of the Duluth-Superior Traction Company for the week ending February 14 amounted to $33,965 as compared with $34,575 for the corresponding period in the previous year, a decrease of $608 or 1.8 per cent.

FIRST ADVERSE TRADE BALANCE SINCE 1915

Our Imports Were Over $5,000,000 Greater Than Our Exports

From Our Political Correspondent

OTTAWA.—Too much inportance probably is being attached to the fact that the month of January showed an unfavorable trade balance for the first time for this particular month since 1915. The exports for the month amounted to $46,198,080, while imports were $51,476,253, leaving an adverse balance of $5,278,173. One year ago, January, 1921, the exports were $80,912,816 with imports $72,252,223, an excess of exports of $8,660,593, while two years ago there was an excess of $14,369,325. It will take more than a single month, however, to establish definitely any trade tendency.

Taking the ten months of the fiscal year ending January 31, 1922, there is a balance in favor of exports of $20,523,567.

The striking feature of the trade figures is the heavy shrinkage that continues in volume both of exports and imports.

For January the total was only $98,573,937 as compared with $154,186,081 one year before, a reduction of 36 per cent. For the ten months the totals were as $1,248,000,000 as against $2,131,000,000 in 1921.

IMPERIAL

The Imperial Bank announce the following important staff changes: G. D. Boulton, formerly chief inspector of the bank, and H. T. Jaffray, western superintendent, have been appointed assistant general managers; W. G. More, secretary of the bank, in addition to that position, has been appointed superintendent of branches, and R. S. Clark, formerly eastern superintendent, now becomes general supervisor.

UNLISTED SECURITIES

	Bid	Asked
Abitibi G. Mtge. 6's (1940)	83½	85
Algoma Steel 5's (1962)	45½	47
Alta. Pac. Grain com	115	125
do pfd	79	83
Ashdown Hard. 5's (1928)	85½	....
British Amer. Assur.	4	5
Burns, P., 1st Mort. 6's	103	....
Can. Machinery com	12½	20
do 6's	74	76
Can. Marconi	1¼	....
Can. Nor. Ry. 4's (1934), Dom. Guarantee	83¼	84
do 4's (1930) Man. Guar	86¾	87½
Can. Oil com	45	51
Can. Salt 6's	90	....
Can. Westinghouse	107	....
Can. Woolens com.	17¼	19
do pfd	65½	....
Cockshutt Plow pfd	41	43
Colling. Ship. Build. com	50	60
do 6's	92	....
Cuban Can. Sugar pfd	15	20
Davies, Wm., 6's	99	....
Dom. Ir. & St. 5's (1939)	70¼	71¾
Dom. Power com	23¼	25½
do pfd	84	85
Dunlop Tire pfd	84¼	85
do 6's	90	....
Eastern Car 6's	85	90
Famous Players pfd	59½	....
Fraser Co. 8's (1941)	96	....
G. T. R. 3's, 1962, Dom.		
do 4's (19553 Mtn. and Guarantee	62¾	63½
Prairie Div.	69½	70½
do 4's (1955) Super. D.	69¾	70¾
Great West Life	202	....
Gunns Ltd. pfd	56	57
Harris Abattoir 6's	91½	93
Home Bank	....	100
How. Smith Pap. 7's(1941)	....	95
Imperial Oil	103	105
Intern. Milling 6's	92	....
King Edward Hotel com.	62	64
do 7's	83	....
Lake Superior Paper 6's	87½	....
Lambton Golf	390	410
Manufacturers Life	37	40
Massey-Harris	....	52
Mattagami Pulp pfd	....	19
do Deb.	34	37
Mercantile Trust	98	100
Mex. North. Power 5's	7	8¼
Morrow Screw 6's	82	85
Murray-Kay pref.	54	56
National Life	40	....
Neilson, Wm., 6's	90	....
Nova Scotia St. 6% Deb.	72½	73
Ontario Pulp 6's	86½	90
Price Bros 5's (1940)	86	....
Riordon new, com	⅞	1¼
Robert Simpson pfd	78½	80
Spanish River 8's (1941)	93	....
Sterling Bank	102	103¼
Sterling Coal com	21	24
Toronto Power 5's 1924	94	95
Trust and Guarantee	70	70½
Western Assurance	5	6½
West. Power Co. 5's	76	....
Whalen Pulp com	....	8
do pfd	18	....
do 7% Deb.	49	51

CROWN TRUST COMPANY

Profits Were Slightly Smaller Than Last Year.

The annual report of the Crown Trust Company of Montreal indicates profits of $41,998 as compared with $55,100 a year ago. After the payment of $30,000 in dividends, the sum of $25,000 was added to the reserve, leaving $17,387 to the credit of profit and loss. Following are the comparative figures for the past three years:

	1921	1920	1919
Profits	$41,998	$55,100	$44,326
Bal. forward	30,389	15,289	55,102
	$72,387	$70,389	$99,428
Dividends	$30,000	$30,000	$30,000
Reserve	25,000	10,000	50,000
Balance	17,387	30,389	15,388
	$72,387	$70,389	$99,428

The total assets of the company now amounts to $5,714,293, as compared with $5,478,751 at the end of 1920.

	Capital Account	Estates, Trusts, etc.	Total
1921	$805,435	$4,908,858	$5,714,293
1920	943,561	4,535,190	5,478,751
1919	777,525	3,878,200	4,655,725
1918	692,153	2,362,424	3,054,567
1917	679,885	2,157,944	2,837,829

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TORONTO, FEBRUARY 24, 1922.

LET US KNOW THE TRUTH ABOUT CHIPPAWA

THE PROPOSAL for a thorough inquiry into the expenditures in connection with the Chippawa power project—as frequently urged by THE FINANCIAL POST—has taken definite form. Made in the legislature by **Wellington Hay**, the Liberal leader, it has received the endorsation of Premier Drury and will undoubtedly be put into effect if formally presented to the house.

Such an inquiry becomes imperative in view of the figures which have been presented from time to time in these columns and confirmed by the speeches of the Premier at Hamilton and in the legislature. It is not alone a question of deciding whether there is any real evidence to support vague rumors in connection with the purchase of the steam shovels, transformers, etc., but of letting the truth be known as to why an estimate of $10,000,000 to $13,000,000 made in 1917—when war prices already prevailed—should have been increased to about $70,000,000, with the end not in sight. Whether there has been graft or whether only extravagance or waste makes little difference to the people of Ontario who will eventually be called upon to pay the bill.

The people are not only demanding to know what became of the millions advanced by the province; they want to know why it was considered necessary to spend millions for gigantic shovels and other equipment without calling for tenders from private contractors; they want to know how such unstable estimates of costs were arrived at; they want to know why the recommendations of the Cooper engineers were ignored; they want to know what power the project will develop and they want to know what the cost of such power will be. Hydro optimism has undermined public confidence. All these questions would be answered as the result of such an inquiry as proposed.

The inquiry should also be enlarged to cover the Nipigon development of the Hydro Commission. Premier Drury shows that even though power is being sold at a much higher price than was formerly charged by private interests, the province is bearing a terrific burden in interest and other charges. An article on page ten of this issue gives some startling details regarding this proposition.

The more quickly that definite information is available as to what Hydro public ownership ventures are actually costing the people of Ontario the better.

RAILROAD LABOR VS. FARM LABOR

FARM LABOR always has been and perhaps always will be, as it should be, the cheapest labor in the country. The farmer leads a free, open-air, independent life, producing much of what he needs. But restricted though the living requirements of the farmer may be, in view of what he himself produces, the difference between what he receives for his surplus production, and what he has to pay to supply his actual needs, should provide a margin for the purchase of comforts and luxuries on a scale to make farm life attractive. Until this is brought about—until Canada's farms are prosperous—we cannot look for real prosperity in the industrial and commercial centres.

But if farm labor is the cheapest in the country railroad labor is perhaps the most expensive. And railroad labor in a country of vast agricultural areas should be the next cheapest labor to farm labor. The profit to the farmer—that portion of his receipts for his products which means prosperity on the farm and in the city—depends directly upon the price which he receives for his products from the consumer, less the cost of transportation. The greater that net profit, the greater—or should we say the sooner—prosperity.

One reduction in the rates paid to railroad labor has been made. The men accepted this, on the advice of their leaders, evidently on the basis that it was warranted by changed conditions. All the facts indicate that continued recognition of the changed conditions will emphasize three points: 1. That railroad wages have not declined to such an extent as other classes. 2. That railroad wages had increased to a greater extent than other classes. 3. That railroad wages have not been reduced in keeping with the lowered cost of living.

Figures in connection with the New Haven railroad—connecting factories of New England with food resources of the Western States—had an average payroll in the years ended June 30, 1915, 1916 and 1917 of $28,259,120. It was advanced under government regulation and labor union practices (legalized by the government) until it reached the after-war peak of $83,000,000. In the calendar year 1920 it was $73,534,896 and it is still above $60,000,000 or more than double the average of the three years preceding 1918.

The adjustment of railroad wages alone will not bring general prosperity but there is no other one factor which promises to so quickly result in increased prices for the farmer, a reduction in the cost of living in industrial centres and a movement of manufactured goods to the rural communities.

JUMPING TO THE WRONG CONCLUSION

A MONTREAL reader of THE FINANCIAL POST in reference to the Merchants Bank affair declares that "this sad state of affairs is but confirmation of what has frequently been suspected in considering our large business enterprises."

This is an opinion which will be held by a great mass of people who have but a superficial understanding of big business and are always willing to believe the worst of financial institutions and industrial corporations. It is because of this danger that THE FINANCIAL POST in the interests of those organizations which are, through watchful efficiency giving real service to the public, demanded, on the part of investors, the fullest investigation of all the circumstances and the naming—and prosecution if possible—of those who may be held responsible.

But the conclusion that the conditions revealed in connection with the Merchants Bank are common to all Canadian banks or other big financial and business institutions dangerously ignores the real circumstances. As a matter of fact the opposite is the deduction. Because the Merchants, as the result of poor management and manipulation, got into difficulties, is not an argument that other banks are similarly managed or manipulated. On the contrary the logical conclusion is that if mismanagement and manipulation bring disaster, then the other banks and big business institutions generally which have been able to weather the post-war period of adjustment, are being conducted on a sound basis.

The laws of business are inexorable, the consequences of unsound management inevitable. One weakness in the financial or industrial fabric of the country does not indicate a weakness in the whole but rather reveals the general strength in sustaining an added strain. However, we would be dense indeed if we did not endeavor to provide against another development of the same weakness. That is why the Merchants affair should be subject to the fullest inquiry. Canada has, we believe, a banking system second to none but if a recurrence of the Merchants experience can be prevented then amendments to the Bank Act are in order.

CANADIAN TEXTILE PRODUCTS EXHIBITION

THE CANADIAN Textile Products Exhibition held last week was an enterprising and commendable venture. It is the first serious co-operative effort on the part of a number of Canadian manufacturers to bring under one roof for the purpose of giving greater publicity to Made-in-Canada goods products of which they have no cause to be ashamed. The character of the exhibition quite justifies their pride in the output of their factories. In all the public utterances made in connection with this exhibition, the right note was sounded throughout, that is, that it must be the quality of Canadian-made goods that commands the preference of the Canadian consumer rather than an empty appeal to patriotism. The right type of Canadian manufacturer is satisfied to stand or fall by the quality of the article he is producing.

The idea promoted by R. P. Sparks, of Ottawa, that this exhibition should take the form of a trade fair is well worth considering. If selling costs can be materially reduced by such a fair and the Canadian consumer thereby benefited something very useful will have been achieved. In this connection it might be suggested that the idea be so developed that more manufacturers in ladies' wares be included in the fair. Clothing constitutes seventeen per cent. of the householder's yearly budget, and a fair proportion of this would be for the housewife. If, therefore, this clothing budget can be reduced by the medium of the trade fair, it would seem the part of wisdom to include both the ladies' and the men's wear.

It was generally recognized that the area was much too small for a successful exhibition and we are glad to learn that larger quarters will be sought for the next exhibition. There is one other suggestion we should like to make with regard to the exhibition. Its idea is to promote Made-in-Canada goods. It is true that the distribution of these goods primarily depends upon the Canadian retailer. But his task will be made easier if the Canadian consumer is more conversant with the products of textile manufacturers in this country. Would it not be well to devote one day of the exhibition to the general public? We believe it would be a revelation to the consumer, a revelation on which both manufacturer and retailer could capitalize.

EDITORIAL NOTES

HAMBURG IS A bargain city for Americans. Cooks can be hired for about a dollar a month and a first class chauffeur costs $6 a month in American money.

* * * *

AUSTRALIA'S LAST budget shows an increase in revenue of about $10,000,000 and more remarkable still a decrease in expenditure of about $20,000,000.

* * * *

WE HAVE AN idea that before the people of Ontario get through paying for the Chippawa and Nipigon developments the Hydro slogan of "power at cost" will have a real significance.

* * * *

ACCORDING TO the Dundas correspondent of the Hamilton Herald the people of that town are now solidly opposed to the Hydro radial scheme. The transportation problem of Dundas has been solved by the motor bus.

* * * *

HON. W. R. MOTHERWELL, the Federal Minister of Agriculture, strikes a proper note when he talks of holding our markets and getting new ones. There is nothing more important to Canadian prosperity than the net profit on agricultural products.

* * *

"HERETIC" would, in the language of The Toronto Telegram, be a mild term to apply to those who do not fall down before the shrine of Sir Adam Beck and profess the religion of public ownership; as for the officers of the Hamilton Canadian Club, who invited Premier Drury to speak on the Hydro situation, they seem to have committed the "unpardonable sin."

* * * *

GERMAN SOCIALISTS and other radical leaders who have been responsible for the shorter working day and who put the 8-hour day into force in parts of Germany after the revolution, are now coming out for a longer working day in Germany. They recognize that more work and not less work will give them the living and comforts they want and enable Germany to hold its industrial leadership. At the same time their paid agents carry on propaganda in other countries to still further shorten the hours of labor.

The Cost of Nipigon

BEFORE THE Ontario Hydro entered the power field at the head of the lakes, Port Arthur received its power from the private company as low as $14.00 per H. P. per annum, delivered, and had the right to demand up to 10,000 H. P. at this rate. Under the agreement, starting with 2,000 H. P. in 1910 and ending in 1920, including Port Arthur's boom years, the demand had only increased to 5,500 H. P., or 3,500 H. P. increase in ten years. According to recent press despatches the total Port Arthur contract is now given as 5,000 H. P. from Nipigon.

The Hydro Commission had the option to renew the above power contract with the local power company for a further period of thirty years, but allowed it to lapse in favor of the Nipigon River Hydro Development, now reported to have cost some $7,000,000.

Following rates were in effect for light and power consumers, based on cost of power as received from the private company for 1920, according to last Hydro reports.

	Niagara Power	Thunder Bay
Conditions as of Oct. 31, 1920, at termination private power supply		
	Toronto	Port Arthur
Average H.P.	56,620	5,468
Average cost per H.P. stepped down—after correction for surplus or deficit and $14 rate available under Port Arthur contract	$16.94	$16.87
	Industrial rates (1919)	
Average cost per H.P.	21.93	20.01
	Lighting rates (1919)	
Residence—Net cost per KWH..........	2.5	3.1 cents
Commercial—Net cost per KWH..........	2.2	3.4 cents
No. customers	63,977	3,316

Latest published rates available for comparison.

The following table shows normal growth of business at Port Arthur, under pre-war rates for power as purchased from the private company on contract that was allowed to lapse in 1917 on decision to proceed with Nipigon development.

Year	H.P.		Rate per H.P.	Cost Power
1911..........	1,800	@	$17.00	(Not shown)
1912..........	1,890	@	16.00	$30,240.00
1913..........	1,961	@	16.00	31,367.00
1914..........	2,370	@	16.00	37,779.00
1915..........	2,340	@	16.00	37,459.00
1916..........	2,340	@	16.00	37,365.00
1917..........	2,405	@	16.00	38,488.00
1918..........	3,835	@	15.40	58,254.00
1919..........	4,565	@	15.00	68,406.00
1920..........	5,468	@	15.00	81,945.00
Total increase in ten years	3,600			51,705.00
Average per annum	360			5,170.00

The above table represents the actual growth of the Thunder Bay System from 1910 to 1920. The construction work on Nipigon was commenced in 1918, and initial operations commenced in 1920. At this time the Hydro was purchasing power for $14.00 per H. P., based on actual demands as established. Throughout there seems to have been a grave error between forecasts and actual results, and as between estimates and capital expenditures. The ability to even find a market based on POWER AT COST is in grave question. Established investment houses fully appreciate what POWER AT COST may be, and whether paid out in taxes or for power, are reluctant to invest money under such conditions.

Above prices are for delivery of all power at 22,000 volts, delivered at City Port Arthur boundary. When 6,000 H. P. was taken cost of power was thereafter at $14.00 per H. P. This information is taken from Hydro Commission reports for above mentioned years.

Although the costs of Nipigon are admittedly many times higher and power is supposed to be sold AT COST, the lighting and power is still being sold at the old rates, although the Nipigon plant commenced delivery of power to Port Arthur in December, 1920.

Port Arthur, with a power consumption of one-tenth and a population one-thirtieth of that of the City of Toronto, was actually receiving its power at less than Toronto, and was able to sell power for industrial purposes nearly $2.00 per H. P. less than in Toronto and apparently setting aside a surplus. Both rates are based upon pre-war installation, interest, operating and carrying charges, and with load fully built up. It is absurd to even argue, therefore, that the Hydro with interest charges up 50 per cent., capital costs per H. P. developed of five times, and with a demand only 1-10 that of Toronto's, and one fifteenth of their ultimate plant capacity, can either carry on or build up business. A thorough investigation and radical re-adjustment is immediately necessary, and the ratepayers and the government should be enlightened, just as shareholders were appraised of the facts in connection with the Merchants Bank. It is folly to conceal the situation, as conditions can only grow worse until re-organization is affected and the system put on a sound commercial basis.

Toronto costs were based on Niagara power at $9.00 per H. P. pre war cost plus transmission and based on Ontario's total Niagara demand of 180,000 H. P. Effect of Chippawa development costs, which are reported as $80,000,000 have not yet been shown in Hydro reports.

$9.00 per H. P. at 15 per cent., represents a capital cost of $60.00 per H. P. of generator plant capacity, which is admittedly a very economical development. Compare this with Nipigon at nearly $300 per H. P. or Chippawa of nearly $600 per H. P. on present developed capacity. It is all very well for Sir Adam to compare with war coal prices, but how will he secure business in competition with efficient private developments at much lower capital costs. What the ACTUAL COST is can be fairly accurately estimated. To cover all the costs of administration, operation, maintenance, depreciation or sinking fund, contingencies, obsolescence, taxes, etc., it is estimated by prominent engineers and authorities to require 15 per cent. per annum for this type of plant. The Nipigon plant has been repeatedly reported to have cost $7,000,000, from which the following is derived.

Annual cost, $7,000,000 @ 15%..........	$1,050.000
Port Arthur private power 1920 Hydro Report.......... 5,468 h.p. @ $15.00 per h.p.	82,000
Annual loss over 1920 costs	$968,000

How is this accumulative loss being made up? Is it being capitalized? Is it being borne by the province, or the municipality, as it is obviously not being carried by the consumer?

For this cost the commission have a plant with an installed capacity of 25,000 H. P. and which it is stated can be extended to 75,000 H. P. The government and interested municipalities should ascertain if the commission are as near the mark as to ultimate capacity of the Nipigon River as they were between estimate and expenditure on the initial development? A power plant capacity of 25,000 H. P., after providing for losses of transmission, would permit the delivery of say 20,000 H. P. at Port Arthur by full utilization of all reserves.

The above annual cost of $1,050,000 is the equivalent of the following quantities of power:

	Cost of power per annum
20,000 horsepower @	$ 52.50
15,000 "	70.00
10,000 "	105.00
5,000 "	210.00

This latter being the amount recently reported in press despatches as now being taken by Port Arthur. Port Arthur is now the only consumer of Hydro power from the Nipigon development.

Even were the full 20,000 H. P. taken it could not be sold at COST. In order to compete with other points, it would have to be sold at nearly half the actual cost.

If and when the commission extends the plant, or adds reserves or duplicate equipment still further unknown capital expenditures will be required in addition to the accumulating losses now piling up.

What contracts have the Hydro Commission that justify continuance of the old rates? How does the commission propose to take care of the accumulation of losses? What is the Government going to do about it? Surely they are not wholly blind to the situation. Ontario now has invested upwards of $200,000,000 in municipal and Hydro electric utility enterprises, *all tax free*. Quebec has a net provincial debt of $40,000,000 without the incubus of tax free utilities. This is one-fifth of Ontario's utility debt. The federal government continues to labor under annual railway deficits of upwards of $60,000,000 to $90,000,000 annually also tax free.

Does Ontario yet realize what a handicap she is under, when these debts must be met, as they must sooner or later? What inducement is there for capital to invest in Ontario or even Canadian Industrial enterprises? Without capital and in large quantities how can we hope to develop our natural resources or attract immigrants to our shores? Without increased and prosperous industry and population how is Canada to reduce her present large debt per capita?

McCallum vs Beck

HAMILTON HERALD

In his published statment criticizing the majority report of the Hydro-Radial Commission, Sir Adam Beck denies that any of the projected Hydro-Radial lines would duplicate or compete with any part of the national railway system. Sir Adam points out (and it is quite true) that an electric line may run parallel with a steam railway without duplicating or competing with it. Thus a street railway line may for a mile or two run parallel with the G. T. R., but it would be absurd to assert that the little local road duplicates the G. T. R. or competes with it for traffic. Sir Adam uses this illustration in support of his contention.

Of course he is right about the little street railway line. But does he put the projected Hydro-Radial roads in that category? We do not think he would like to have them classed as street railways. Indeed, he has frequently taken pride in the fact that they are not street railways, but are to be built on their own right of way.

Take the radial line between Toronto and St. Catharines—73 miles long—which, if built, will be linked up with the Niagara, St. Catharines and Toronto road. It would be built alongside the G. T. R. and paralleling that road all the way. Sir Adam's experts have estimated a certain revenue for this road, and their estimates are based upon a certain quantity of freight and a certain number of passengers. The district which it would serve is now served by the G. T. R., and the Hydro-Electric experts estimate that the new electric line would divide the freight traffic and the passenger traffic between Niagara Falls and Toronto on a fifty-fifty basis. That is to say, the G. T. R., instead of carrying all the traffic, would have to surrender half of it to the Hydro-Electric line.

And Sir Adam affirms that this radial line, running parallel with the G. T. R., would not duplicate it, and that there would be no competition for traffic between the two roads!

Surely there is reason for the statement of Engineer A. F. Macallum, a member of the Sutherland commission, in reply to Sir Adam's criticism: "The fact is that most of the business estimated would be at the expense of the Federal railways."

It is evident that Mr. Macallum does not share Sir Adam Beck's opinion that the report of the Sutherland commission supports the contention of the Hydro-Electric commission that the radial lines, as projected, would prove profitable in operation. "The whole weight of the expert evidence," says Mr. Macallum, "was so greatly against the proposed radials being a financial success that no conclusion could be arrived at other than that brought in by the commission."

PERSONALS

J. A. FRAZER has been appointed vice-president and sales manager of the Hew. R. Wood Company of Montreal. Mr. Frazer is also the president of the Montreal Publicity Association. It is the intention of this company to specialize in first mortgage real estate bonds, stated Mr. Wood, in making the announcement.

HARRY MEYERS, who recently came east from Winnipeg, has been appointed Toronto manager of the Office Specialty Company. He has long been associated with the company, having started as office boy in 1901, in the Toronto branch. Remaining here three years, he was moved to the West, with headquarters at Winnipeg. In 1913 he was sent to the Regina branch, where he remained until 1918. Again he became manager of the Winnipeg office until his recent appointment here. He belongs to the Rotary Clubs in both Winnipeg and Regina.

HENRI DES RIVIERES, the newly chosen general manager of La Banque Nationale, has had over 20 years experience in banking since he joined the staff of Molson's Bank in 1901, after being educated at the Quebec Seminary and Laval University. In 1904 he joined the Bank of Montreal and was with that institution until his recent appointment. Of this time, all since 1908 has been spent as manager of the branch in St. Roch's, Quebec City. For a number of year Mr. Des Rivieres has been financial adviser to the City of Quebec.

G. D. BOULTON, who was recently appointed one of the two assistant managers of the Imperial Bank of Canada, with headquarters in Toronto, was born in Toronto and entered the service of the bank as a junior clerk in September, 1883. He has held several important positions in the bank's service, since 1909, being attached to the inspector's department at head office and since December 1914, has occupied the office of chief inspector. Mr. Boulton is a member of the Toronto Club, Toronto Hunt Club and the Toronto Golf Club. At the present time he is on an extended trip through Mexico.

R. S. CLARK, who has recently been appointed general supervisor of the Imperial Bank of Canada, was born in Toronto in 1869 and entered the service of the bank in February, 1890. Mr. Clark's service has been confined entirely to the main branch in Toronto and the head office. He occupied the position of secretary of the bank from 1907 until 1908. In October 1908 he was appointed inspector, which position he held until November 1918, when he was made Eastern superintendent. Mr. Clark is a lover of art and is a member of the Arts and Letters Club of Toronto. He plays considerable golf, but his favorite sport is fishing, and he makes several trips to the country during the season and it is said that his quests are usually successful.

NEW BOOK ON BANKRUPTCY

A new text book on "The Law and Practice of Banking in Canada," by Lewis Duncan, has been published by the Carswell Company of Toronto. Mr. Duncan is associated with the firm of Rowell, Reid, Wood, Wright and McMillan, barristers. This book of 954 pages represents three years' work and takes up The Bankruptcy Act (9-10 Geo. V. c36), The Bankruptcy Act Amendment Act, 1920 (10 Geo. V. c34), The Bankruptcy Act Amendment Act, 1921, (II Geo. V. c17), and the general rules and forms, fully annotated and cross-referenced together with some aspects of the Bankruptcy Law.

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INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

ALLEN THEATRES

Enquirer, Assiniboia.—I am holding eight preferred shares of the Allen Theatres. The Canadian houses are to be taken up by the Famous Players Corporation. Could you inform me regarding the arrangement for the Allen Theatres shareholders. Is the stock to be taken over by the Famous Players or is the Allen Theatres going to pay dividend on their issued shares, as being an American company?

It is too early for us to be able to give you any particulars as to what your standing will be as an Allen Theatres shareholder in the impending merger with the Famous Players Canadian Corporation. The terms of the merger have not been announced or hinted at and indeed it is our understanding that the negotiation stage has not yet been passed. It is probable that the terms have yet to be settled upon.

ALBERTA GUARANTEE AND FIDELITY

G. J., Medicine Hat.—Would be pleased to have your opinion as to the standing of the Alberta Guarantee and Fidelity Company of Calgary. Is the stock of any value?

Conditions were unfavorable to the successful flotation of the Alberta Guarantee & Fidelity Company, Calgary. Incorporation was to have been secured on December 31st, 1917, provided shares to the extent of half a million dollars had been sold. This was at a time when conditions were not very good in Alberta and efforts to sell the amount of stock referred to were not successful. The regulations required that a sum in the neighborhood of $100,000 be raised. Such funds as were realized were put on deposit in the Molsons Bank at Calgary and it is the opinion of well informed authorities that shareholders desiring to withdraw their investment could do so by making application to the financial institution mentioned.

DOMINION TRUST

Enquirer, Gaspe.—Would like some information on the Dominion Trust Company, now in liquidation, and formerly operating at Vancouver. The point most particularly information is wanted on, is the status of the depositors, if they may expect anything, and when.

The first dividend of 10 per cent. was paid to ordinary unsecured creditors in November 1920. No further dividend has been paid. As it is extremely hard to realize the remaining assets, it is impossible to state when sufficient will have been collected to make another distribution. This is the statement of the present situation of H. K. Burnett, officer of the Supreme Court of British Columbia, appointed to realize the remaining assets of the company. His appointment followed the failure of Mr. Gwynn, the liquidator, to dispose of the remaining assets en bloc.

Under a compromise agreement, sanctioned by the court, depositors were admitted as creditors in the liquidation for half the amount of their deposits, and have received the first dividend of 10 per cent. upon that half. It is very unlikely that sufficient will be realized from the remaining assets to pay a second dividend of more than 10 per cent.

CANADIAN FINANCIERS TRUST

A. K. Hamilton.—I would very much appreciate being given your opinion of Canadian Financiers Trust Company, of Vancouver. I own twenty-five shares of this stock, but so far it has paid no dividends. Would you advise as a good policy to hold this stock or to let it go.

The Canadian Financiers Trust Company has had a rather trying experience but is in a much better position now. No dividends have been paid since 1914, the policy being to build up a reserve rather than distribute any small amount which might have been available for dividend purposes. We understand that one of the difficulties under which the company is laboring is the fact that about $350,000 of non-revenue producing property is being held and with a paid-up capital of $400,000 this leaves a comparatively small margin of working capital on which to produce revenue. We are informed also that since 1914 the company has written down its assets about $300,000 and it is now considered that these are in a sound position. Opinion is that property being held is valuable and will eventually sell for the amount in which it is carried or more. Until such time as this frozen capital is released there can be little prospect of dividends. It would be doubtful as to whether you could sell the stock at the present time for anything like a fair figure owing to its being non-productive but we believe you would be well advised to hold until conditions improve.

ATLANTIC SUGAR

G. A., Toronto.—I will be greatly obliged if you will give me through the columns of your paper the following information:

1. Names of the Board of Directors of the Atlanta Sugar Co.

2. When the last dividend was paid and what per cent.

The names of the directors of the Atlantic Sugar Refineries are, D. Lorne McGibbon, S. H. Ewing, Sir Thomas Tait, C. P. Beaubien, L. R. Wilson, M. E. Williams, S. J. LeHuray, F. G. O'Grady, W. A. Hobbins, L. J. Seidensticker, Montreal; Wallace Nesbitt, Wm. Mulock, Jr. Toronto; F. S. Armstrong, Manuel Rionda, New York.

Initial dividend of 1¾ per cent. on preferred was paid July 2, 1919; Oct. 1, 1919; to Oct. 1, 1920 inclusive, 1¾ per cent. quarterly, none since. Payments on account of accumulated preferred were made as follows: Jan. 2, Apr. 1 and July 2, 1920, 1¾ per cent. each; Sept. 1, 1920, 28 per cent. paying off all accrued dividends to that date; Oct. 1, 1920, 1¾ per cent.; Jan. 1921, dividend passed. On common initial dividend of 2½ per cent. paid Oct. 1, 1920 none since.

The outstanding common stock amounts to $3,500,000 and preferred $2,500,000, par $100. The preferred stock has preference as to assets as well as dividends, and is convertible at any time into common stock at par. Funded debt: $1,270,000 first serial gold 6s, dated July 1914, due annually to 1932; $3,000,000 second mortgage 6s dated Dec. 1920, due 1930.

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The current issue of *Investment Items* describes two attractive 8% issues. Write for a copy.

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Big Prices for Canada's Farm Products in Central America

When Butter is 50 Cents a Cubic Inch and Flour 50c a Pound There is a Real Market For The Canadian Farmer— And There Is A Reason

By AGNES C. LAUT.

Since publishing facts regarding opportunities for trade in Latin-America, particularly Tropical America, where the climate does not permit such farm products as Canada grows and does permit such products as Canada cannot grow—a great many comments and inquiries have come in, which should be cleaned up.

Do such prices as $4.80 for hard wheat, which is favored because when sacked it is not so subject to heating as soft wheat, mean U. S. Currency, or Latin-American Currency? Also of potatoes at $6, and Canadian creamery butter at from $1.50 on the Border, to $2.40 inland, and $3.80 at still more distant points? Also of the high prices for flour and condensed milk?

There is not the same market for cheese because Latin-America prefers its own cheese, though all foreigners prefer the Canadian cheese for sanitary reasons. Where black small-pox is rife, and typhus, and malaria, and diseases are almost epidemic, which are not ordinarily mentioned in polite society, and where whole villages with those diseases do their laundry in the village river, which may sometimes and often is, the supply of drinking water, foreign colonists will always buy cheese and butter made in countries under sanitary inspection, packed in oiled paper or tin foil containers, which prevents contamination. That is why residents of all the first hotels in each city and town ask for and will pay for foreign butter and cheese, though charged extra on the menu 50c for a cubic inch check of such butter.

Tropical Delicacies

I could tell here some tales of incredible filth in the home product, which I saw with my own eyes in tropical America, but they would not be believed by anyone not personally familiar with conditions in the remote towns and cities of the tropics. The worst fit of indigestion I ever had, which lasted three months after leaving the tropics, came after eating what I thought was rabbit or chicken. I forget which it was on the menu card. Afterwards down on the market, where I was trying to get some alligator pears, which couldn't be contaminated under the thick rind, and some soda crackers done up in oiled paper, an honest old peon, who asked me what had given me such a pain in "stomach-ho," told me the chicken, or rabbit, had probably been "curried rat."

That particular section of the tropics lives in certain seasons on a water fly or beetle; and when I passed the small pox cemetery, the epidemic had been so severe that bodies had been carted out in the dead cart like cord wood, unshrouded and uncoffined, and had been buried so shallow, legs and arms protruded from the ground; and the atmosphere bore witness to the fact. Thereafter my diet in that section was soda crackers, alligator pears, orange juice and pangs—especially the latter. I would gladly have given $1 for some Manitoba 40 degree below weather, just to drink it, or breathe it, once a day.

I mention these somewhat gruesome details to explain why there is always a demand in the tropics by the foreign residents for dairy products prepared under sanitary inspection; to explain, too, why price is no object. It is price to the foreign resident, or a coffin for his wife and kids.

Prices in U. S. Currency

The prices quoted in MACLEAN'S and THE FINANCIAL POST are in every case U. S. Currency. The prices are not always the same. Sometimes, a sudden inrush of imports may pull the price down; for dairy products don't keep in torrid damp climate. They go rancid and have to be sold for what they will bring. Likewise wheat. If left in warehouses on the muggy, foggy, hot coast, it will heat and sour. It has to be sold and distributed quickly in the hot season; but the prices given are not maximum prices. I was in one section of Mexico where No. 1 hard wheat was selling from local causes at $7 a bushel, U. S. Currency, and flour at 50c a pound. The prices given are the prices ruling now, and the prices ruling now are a pretty fair average for the past fifteen years.

How about duty?

Owing to drought and hard times, for the present there is no import duty on "raw" farm products. On manufactured farm products like flour, this year the duty is very low, about 1c a pound in the most of the republics from the Rio Grande to Panama; but these duties may be varied by sudden edicts. They are not varied in drought seasons because the president, or dictator, or what ever they call themselves, daren't vary them without risking their tenure or office.

Water terminals are in the most of cases state owned and free.

Look Out For Grafters

Will the importer have to reckon on graft among the pretty officials at these terminals to avoid delays and fake inspection and so on? At many ports, I should say he certainly would; but such practices have not been unheard of at such ports as New York to the great expense of foreign shipping companies. The point is such graft has not barred trade at such ports. Neither does it in Tropical America

Why does not Argentina capture this trade?

She will if Canada lets her; but at the present moment Germany is making a great drive to get Argentina trade. Germany ships manufactured metals, cutlery, machinery, implements, and takes such raw products as wheat for which she is in the Argentina market just now for 33,000,000 bushels at $1.50.

How about steamship service? The United Fruit run the biggest vessels to Tropical America just now; but there are other lines such as Grace Brothers, a trading corporation, a Brazil Line, and tramp steamers on charter; but these are American lines; and the export profit on Canadian produce goes to the American re-exporter, which is good for him but poor for Canada. The only regular port of call for any direct Canadian Line that I know outside Panama is at Belize, a British port and a poor little sand port of 10,000 at that; and produce going into Tropical America by that route naturally returns profits to the blue jeans of the British importer, not to the Canadian exporter. This statement is subject to modification. At any moment, a Canadian line may say it is opening direct connection with the West or East Coast of Tropical America. When imports go in by way of Mexico or Panama, the profits go to the re-exporters at these ports; and they are the influences that are going to kick against Canada going after this re-export trade on her own for all there is in it.

How about exchange?

Payment is made in gold; so exchange need not be considered; and any other kind of payment, such as long credits, could only be arranged by fiscal agents, or importers' agents familiar with every factor of the most unstable governments on earth; and there Canada falls down. With the exception of Cuba, Mexico, Argentina, she depends on the local bankers, or the British importers; and neither act in Canada's interest. One acts for the British importer, who is after such profit as the traffic will stand; and the other acts for his Latin-American fiscal agents.

There are Snags

Are there, then, no snags ahead? There are indeed. Germany, England, the United States have the trade now. Canada must go after her share; and she won't be welcomed by rivals, of course; but she has advantages in her favor. One of the big men in one Latin-American country is a Canadian by birth. Three Canadian banks are well represented in Latin-America, in centres not so disastrous as Mexico has proved. Her dairy and farm products are superior and cheaper. Consider cattle netting $35 for thirty-six beeves in Winnipeg and Edmonton, horses at $9 to $75, wheat in Alberta at 60c, flour at $9 to $10 a barrel of 198 pounds, butter at 15c in remote centres to 40c in towns, milk cows selling at $3 to $30, condensed milk at $3 to $7 a case!

Then consider the Tropical American prices—$200 for a rag tag beef or milker, ditto for a good mare, wheat at $4.80, flour at $90 a barrel down to $20, butter $1.50 to $3.80, condensed milk in one city I visited at $48 a case—isn't it worth Canada's while to go after the snags and remove them?

What are the snags chiefly?

Graft of petty officials, which American, British and German importers circumvent.

Warehousing, which is expensive in only one Tropical country

Wheat sold sacked and in small quantities.

Quick distribution inland in small quantities before the hot coast deteriorates quality and ruins sale.

Efficient local sales agents, who won't fall victims to the lotus flower influence of a manana (to-morrow) climate and sit sipping iced beers and light wines in the most dreamy climate in the world, where enervation saps Northern energies and turns the hustler into a drone. In other words, the handicap of trade in the Tropics, is that the Tropics are the Tropics and only one Northerner in ten thousand can withstand the insidious influences that transforms a hustler into a dreamer.

THANKS FROM STEAMSHIP'S SHAREHOLDERS

Montreal, the 15th of February, 1922.

THE FINANCIAL POST,
Toronto.

Mr. Editor: Your articles on Canada Steamship Lines, in your two last issues, are beginning, no doubt, to give present shareholders plenty of matters for their consideration. The annual splendid statement for the year 1920, sent to shareholders, induced us to believe that the comfortable surplus of the company was the most encouraging factor, for a time of depression, and would help the company to carry on satisfactorily, until better or normal conditions are back again. But your lifting of a corner of this beautiful picture has given us cause for more substantial analysis of the company's statements. The voting trust iniquity, as well as shaken confidence and opposition to certain directors, all good reasons to give the present shareholders incentives to work a complete change of the directorate, as well as the repeal of the voting trust, at the next annual meeting. Your support by the continuance of your findings, in affairs of our Premier Canadian Water Transportation Co., will help the restoration into the public confidence, the affairs of the company. As a shareholder, I beg to state that your articles have been a revelation of the true state of affairs, please accept my sincere thanks, for the valuable service you rendered the shareholders at large, and the real interests of a good cause. Yours very truly,

RENE LESSARD.

1766 Jeane Mance Street, Montreal, P. Q.

Montreal, Feb. 19, 1922.

The Editor,
THE FINANCIAL POST.

Sir: I am glad to find in your last issues of THE POST the stand you are taking with regard to several of our corporations. I believe that the sentiment you are expressing will do good and bring forth a hearty welcome from shareholders. We want a good deal more probing and investigations into many of our leading Canadian companies and I feel that unless some means are used to this end, Canadian securities will not find a very ready market here or elsewhere and in time may become valueless. I do hope you will keep up this good work and lay bare from time to time any shortcomings or evil doings in the management of our Canadian companies. Your very truly,

SHAREHOLDER.

Immigration and Canada's Future

Some aspects of the Dominion's policy on this question are discussed in the current Greenshields Review—the immense importance of this question industrially and financially.

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Further Evidence

It has been pointed out frequently that the tendency toward lower interest rates is world-wide—not local. The reduction of the Bank of England discount rate from 5% to 4½% on February 16th is a further evidence of the strengthening of this tendency toward "easy" money, and consequently toward lower interest returns.

Careful investors are taking advantage of prevailing bond prices and are assuring themselves of the substantial interest returns now available from high-grade Government and Municipal bonds, which still yield from 5.50% to 6.30%.

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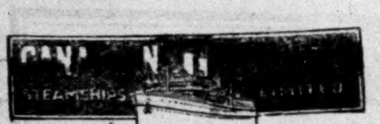

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Apr. 21 .... Corsican
ST. JOHN—ANTWERP
(Via Havre and Southampton)
Feb. 18. Apr. 1 .... Scandinavian
Mar. 11 .... Corsican
ST. JOHN — BOSTON — HAVANA — KINGSTON
Mar. 23 .... Sicilian
ST. JOHN—LIVERPOOL—GLASGOW
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BANKRUPTS MUST HAVE DISCHARGE TO GO INTO TRADE

(Continued from page 8)

of a value to equal fifty cents on the dollar in unsecured liabilities, failing to account satisfactorily for any loss or deficiency of assets or having brought on his bankruptcy by rash speculations or gambling or by unjustifiable extravagance in living or by culpable neglect of his business.

Until a debtor gets his discharge all the money he may earn and all property which may come to him by bequest, may be taken by the trustee and applied to the debtor's liabilities. In addition to this it is made an in dicable offence, punishable by one year in prison, for an undischarged bankrupt to obtain credit to the extent of $500, without informing the person from whom he borrows that he is an undischarged bankrupt or to engage in trade under a name other than that under which he was declared a bankrupt. It will then be seen that if the discharge sections of the act are properly undersood by the creditors, and invoked when applicable, the creditors are in a far better position under this act than under the Provincial Assignment Act.

NEWS OF THE BOND MARKET

MONTREAL SALE CHIEF INTEREST IN BOND MARKET

Comparisons With Cost of Last Borrowing Are Interesting

WEEK'S BOND SALES

Carleton County, Stratford, Kitchener, Are All Borrowers—Meaford Sells Issue Locally

Keen interest was shown this week in the result of the offering of a $5,000,000 ten-year bond issue of the City of Montreal bearing 5½ per cent. as the price of a large issue of this importance establishes to a considerable extent municipal prices. The issue was sold to a syndicate composed of Dominion Securities Corporation, Wood, Gundy & Company, and A. E. Ames & Company at 99.188. This represents a cost to the city for its money of 5.61 per cent.

	for $5,000,000	for $2,500,000
Wood, Gundy & Co., A. E. Ames & Co., Securities Corp.	99,188	99,3321
Dominion Securities Corp.	99,188	99,3321
Versailles, Vidricaire & Boulais, Municpal Debentures		
Wood, Gundy & Co., A. E. Ames & Co., Dominion Versailles, Vidveaire & Bonlar's, Municipal Debentures Corp., Credit Canadien		99.01
United Financial Corp., Beausoleil, Ltd., Hanson Bros., Reve T. Leclerc, Nesbitt Thomson & Co., Greenshields Ltd., National City Co., Harris Forbes & Co.	98.08	98.33*
Sterling Bond Corp.		98,777

*Nesbitt, Thomson in bid on full issue only.

It is interesting to contrast the price paid this week for a 5½ per cent. issue, below par, with the prices offered three years or so ago when the conditions in the bond market were not nearly as favorable as they are to-day. For instance, an issue of $6,900,000 fell due on December 1, 1917, but the city was obliged to secure the assistance of the Bank of Montreal to provide funds for the refunding of the old issue several months before it was deemed advisable to make a public issue to cover this temporary loan. Indeed, in March 1918, bond houses were so unwilling to take up the issue that the Bank of Montreal had to offer it itself in the form of a five-year issue at 6 per cent. This sold at 96.13, which means that the money cost the city 6.92 per cent. as compared with the 5.61 per cent. which it paid this week. The issue was sold to the public to give a yield of 6½ per cent. whereas the new issue, it is understood, will be sold at par to give a yield of an even 5½ per cent.

The next sale by the city was in June, 1918, when bonds amounting to $6,100,000 were disposed of, again a five-year 6 per cent. issue. The price paid this time was a shade better, 97, the money costing the city 6.71 per cent. This issue was made to the public at par, giving a yield of 6 per cent. as the result of the courageous action on the part of a French-Canadian bond dealer, who had been successful in disposing of a large block of the former issue at par at 6 per cent. instead of 6½ per cent.

In August of the same year there was an issue made by the city on account of Maisonneuve of bonds amounting to $2,300,000, five-year 6 per cent., which sold for 96.45, costing the city 6.85 per cent. Later on another $1,000,000 of these were taken up on option. Thus in one year the market had absorbed a total of $16,300,000 of Montreal City bonds.

Stratford Borrows at 5½%

Stratford has sold $52,000 of thirty-year 6 per cent. bonds and $124,000 of twenty-year 6 per cent. bonds to A. E. Ames & Co., at 106.54 a 5.50 per cent. basis. Tenders:

A. E. Ames & Co.	106.54
A. Jarvis & Co.	105,58
Wood, Gundy & Co.	105,369
Dominion Securities Corp.	105,343
Gairdner, Clarke & Co.	105,299
Bell, Gouinlock & Co. 20 yrs.	104.17
Do., 30 years	105.80—$203
Dyment, Anderson & Co., 20 yrs.	103,538
Do., 30 yrs.	105,289
R. C. Matthews & Co.	105.25
R. A. Daly & Co.	105.15
McLeod, Young, Weir & Co.	105.04
Harris, Forbes & Co.	104.89
National City Co.	104 78
MacNeill, Graham & Co.	104.67
Canada Bond Corp.	104.636
Stewart, McNair, Reid & Co.	104.566
Edward Cronyn & Co.	104.29
C. H. Burgess & Co.	103.33
W. A. Mackenzie & Co.	102.377
United Financial Corp.	102.32
Continental Bond Corp.	101.30

Jarvis Co. Buys Kitchener's

Kitchener has awarded $248,000 of 6 per cent twenty instalment debentures to Aemilius Jarvis & Co. at 103.41, on a basis of 5.59 per cent. The tenders were:

A. Jarvis & Co.	103.41
R. C. Matthews & Co., Ltd.	102.82
National City Company	102.79
A. E. Ames & Company	102.76
Gairdner, Clark & Company	102.689
Wood, Gundy & Company	102.69
McLeod, Young & Weir	102.597
Dominion Bank	102.37
Dominion Securities Corp.	102.302
Canada Bond Corporation	102.162
Stewart, McNair, Reid, & Co.	101.932
Harris, Forbes & Company	101.89
Edward Cronyn & Company	101.876
C. H. Burgess & Company	101.42
Continental Bond Corp.	101.12
United Financial Corpor.	101.1
W. A. MacKenzie & Company	101.07
Dyment, Anderson & Co.,	101.07

Two Lunenburg Issues

W. F. Mahon & Co. and J. C. Mackintosh & Co. have bought $65,000 of Lunenburg, N.S., 5½ per cent. bonds, $40,000 maturing in eighteen years and $25,000 in twenty-four years.

Meaford Sells Locally

Meaford has disposed of $15,000 of 6½ per cent. local improvement debentures to local investors.

Arnprior Bond Sale

Arnprior has sold $8,862 of 6 per cent. twenty-year bonds to Wood, Gundy & Co., at 103.58, a 5.70 basis. Bids:

Wood, Gundy & Co.	103.58
Municipal Bankers' Corp.	103.55
Canada Bond Corp.	103.44
Dominion Securities Corp.	103.27
R. C. Matthews & Co.	103.11
A. E. Ames & Co.	102.36
C. H. Burgess & Co.	102.31
Mackay—Mackay	100.94
Wm. C. Brent & Co.	100.50

Carleton County disposed of $270,000 of 5½ per cent. 20 instalment bonds to the Municipal Bankers' Corporation at 100.03 and $30,000 of 5½ per cent. five instalments bonds to H. C. Mond & Co., at 99.45. Bids:

	$270,000	$30.000
Municipal Bankers	100.03	99.
H. C. Monk & Co.	99.56	99.45
Wood, Gundy & Co.	99.411	99.
R. C. Matthews & Co.	99.24	99.24
Canada Bond Corp.	99.19	98.55
McLeod, Young, Weir & Company	99.17	99.17
Royal Securities	99.125	99.015
A. Jarvis & Co.	98.97	99.13
Gairdner, Clarke & Co.	98.937	98.937
C. H. Burgess & Co.	98.83	98.41
National City Co.	98.79	98.79
A. E. Ames & Co.	98.69	98.69
Dominion Securities	98.491	98.118
Dyment, Anderson & Co.	98.07	98.07
W. A. MacKenzie & Co.	98.041	98.041
Housser, Wood & Co.	97.47	97.47

Manitoba's Debt Is Now Over Sixty-One Million

Manitoba had a debt of $61,929,870 at November 30, 1921, the public accounts show. In addition the province owes $2,238,188 on account of treasury bills and there are also outstanding securities totalling $31,573,102, principal and interest, of which are guaranteed by the province.

Of the debt of $61,929,870, about one-half, or $30,515,548 was incurred on account of revenue bearing developments and $6,676,963 represents advances to drainage and judicial districts.

The assets of the province include such liquid items as cash, $2,001,090, and investments, $10,170,518. There is a net surplus of assets over liabilities of $33,285,123 of which $16,066,350 represents the excess of capital assets over capital liabilities.

During the year current revenue totalled $9,358,956 and expenditures $10,063,139, leaving a deficit of $704,183.

Speaking in Winnipeg, Hon. Edward Brown, provincial treasurer, said that Manitoba had $15,000,000 of cash and securities to reduce the net debt to $47,000,000, of which $42,000,000 represented telephones, public buildings and good roads.

COMMONWEALTH LIFE COMPANY LAUNCHED

Another Canadian company is joining the ranks of those operating in the life insurance field. The Commonwealth Life and Accident Insurance Company has been organized with head office in Hamilton and the capital stock is now being placed.

The Commonwealth will be a strictly "non-par" company, issuing only non-participating policies with double indemnity and total disability clauses.

The authorized capital is $2,000,000, of which one-half is being issued.

The directorate includes several men who are widely known. The president is W. H. Wardrope, K.C., of Hamilton, who among other duties is president of the Sterling Trusts Corporation. The vice-presidents are George C. Coppley, president of Coppley, Noyes and Randall; and Capt. George J. Guy, president of Gillies, Guy, Ltd. Other provisional directors are J. P. Whelan; Walden Parke, Sir John Willison, C. J. Parker, Thomas F. McFarland and William Hunter. The latter is managing director of the company and has had wide management experience in life insurance.

The company, while awaiting incorporation by the province of Ontario, is laying its agency plans and has already made arrangements for representation in a large part of the province.

BANK'S CLAIM AGAINST CITY COMES UP SOON

Canadian Bank of Commerce Seeks Repayment of Swift Current Loan

From Our Own Correspondent

REGINA.—Application for judgment against the City of Swift Current and the appointment of a receiver to superintend the collection of tax arrears, will be dealt with by the courts soon. The plaintiff applicant is the Canadian Bank of Commerce which is seeking to collect $275,000 loaned to the city in anticipation of tax collections from 1915 to 1921 inclusive.

The applications may be empowered to compel the city to levy distress upon delinquent taxpayers for collection of some $450,000 which represents the present total of outstanding taxes. It is estimated that not more than $200,000 of this amount will be collectable.

Counsel for applicants alleged at the preliminary hearing of the case, that the corporation had collected $60,000, legally due to the bank, and applied the money for other civic expenditures.

Housser, Wood & Co. Offer Brantford Scale 8% Bonds

An issue of $200,000 of eight per cent. twenty-year general mortgage bonds is being made by Brantford Computing Scales, Ltd. The bonds constitute part of an authorized block of $300,000.

The business of the company is the manufacture of scales and meat slicers. There is an extensive export business in addition to the domestic demand.

It is stated that average net earnings since its foundation in 1910 have been 28 per cent. of the invested capital. It is expected profits will be materially increased. Assets applicable to the issue are given as $448,000. Housser, Wood & Co. are making the offering.

Winnipeg's Sinking Fund Earned 6¼% on Its Assets

Winnipeg's sinking fund sets a high standard of careful management and the report of the trustees for the year 1921 reveals the solid position of the fund.

The fund has liquid assets amounting to $278.88 for each $1,000 of the city's debt. The total assets at the credit of the fund are $13,160,446 and during 1921 approximately 6¼ per cent. was earned on investments.

During the year the policy was continued of applying a portion of surplus income towards providing for the redemption of City of Winnipeg debentures of the earlier issues where the improvements provided by the borrowed money no longer exist. There was an increase in the gross debt of Winnipeg of $3,674,768 in 1921.

LOANS OF ALBERTA PROVINCE

EDMONTON.—The Province of Alberta sold $17,961,730 of bonds in 1921. This incuded a refunding issue of $700,000 and a domestic bond issue of $3,358,500, the balance being divided among ten issues between January 17 and October 24.

RISE OF DOLLAR IS ADVERTISEMENT FOR US IN NEW YORK

(Continued from page 1)

and the relatively stable condition of the Canadian exchange market during the past month or so, are doing much to prepare the market for the Canadian loan when it does come. The remarkable rise of the Canadian dollar during the past eighteen months, financially speaking, has been the best advertisement Canada and Canadian securities have ever had in this country. For this reason, if for no other, it is not anticipated that the Dominion will have any great difficulty in obtaining the money it needs in this market when it decides to issue its bonds

BOND MOVEMENTS OF THE WEEK

				Range 1921.		Range 1922.		Latest Price Week Ending Feb. 21.			
BONDS—	Int. Rate.	Due. Year.	Yield.	High.	Low.	High.	Low.	Ask.	Bid.	High.	Low.
Can. Car	6	1939	6.32	98	97½	97¾	95	96¾	96½	97¼	96½
Can. Cement	6	1929	6.31	95	89	98⅜	94	98½	97½	98	—
Can. Bread	6	1941	6.72	90½	82	93	88½	94	93	92	—
Dom. Coal	5	1940	5.55	92⅜	93½	92	—	92	93½		93
Dom. Iron	5	1929	7.43	83	75	85½	82½	—	84	85½	—
Lyall Cons.	6	1932	8.95	83	68	79	78	78	—	78	—
Montreal Dec. '22	6	1922	2.25	108	104	104¼	101	102½	102	103¾	—
Do., May 23	6	1923	4.40	108	100	103½	100	103	—	103	100
Do., Sept. '23	6	1923	6.40	100	97¾	100	99	—	99¼	99¼	—
Montreal Trams	5	1941	6.08	90½	82¼	89	87½	87½	—	87½	—
Penman's	5	1926	7.43	89½	85	91	90	—	90	90	—
Price	5	1940	6.30	84	78	85¾	—	85¾	—	85¾	—
Quebec Rly	5	1939	8.55	68	59	66½	65	66	65	66	65¼
Rio Janeiro	5	1935	7.85	84¼	73	85⅝	73	—	—	76	75½
Sao Paulo	5	1929	7.90	82	70	83½	80	—	83	83	—
Sher-Williams	6	1941	6.17	98	96	98	—	98	—	98	—
Steel of Can.	6	1940	6.18	98¼	88½	99	97	99	98	98	97¾
Wayagamack	6	1951	8.30	78¼	69½	76	71¾	75	—	73	—
War Loan (1925)	5	1925	5.55	96.00	92.00	98.50	96.10	98.00	—	98.10	97.75
Do., (1931)	5	1931	5.23	96.60	90.05	98.80	96.25	98.20	97.90	98.25	97.65
Do., (1937)	5	1937	5.00	102.50	94.50	101.25	99.50	100.10	100.00	100.40	99.85
Victory (1922)	5½	1922	5.60	99.55	96.62	99.95	99.10	99.95	99.90	99.95	99.60
Do., (1923)	5½	1923	5.61	99.50	95.50	99.93	98.75	99.85	99.80	99.93	99.50
Do., (1924)	5½	1924	5.70	98.50	94.25	99.85	98.00	99.60	99.45	99.50	99.20
Do., (1927)	5½	1927	5.30	101.00	95.25	101.60	99.75	—	101.00	101.25	99.75
Do., (1933)	5½	1933	5.19	101.80	95.12	103.10	101.25	102.80	102.75	103.00	102.50
Do., (1934)	5½	1934	5.52	99.43	92.25	100.00	98.30	99.85	99.80	99.90	99.50
Do., (1937)	5½	1937	5.05	104.00	96.50	105.15	103.30	104.95	104.90	105.05	104.75

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CONSOLIDATED SMELTERS

Ore receipts for the second week of February, reported by the Consolidated Mining & Smelting Company, amounted to 9,696 tons, 9,491 tons of which were produced by the company's mines, and 205 tons by other mines.

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C.P.R. AND UNION PACIFIC

The fact that the price of Canadian Pacific shares crossed that of Union Pacific in Wall Street aroused a good deal of interest. Those who have watched and studied the markets for the two issues claim that C.P.R. should sell at least ten points above Union on its merits, although they pay the same dividend rate of 10 per cent.

CIVIC AND PROVINCIAL FINANCE

EDMONTON SAVES $100,000 BUYING STERLING BONDS

Half Million of Debentures To Be Replaced By New Issues

PLAN INCOME TAX

City Was Turned Down by Provincial Government In Demand for Taxation Privileges

Edmonton has not been successful in carrying out on a large scale a refunding operation that it had under way, but all told $500,000 of the city's sterling bonds have been bought up in England and an issue will be made in New York to provide funds to pay for these debentures. It was originally planned to buy up $5,000,000 of the outstanding sterling debentures, but the rapid improvement in the British bond market forestalled this arrangement. As it is, the city gains $100,000 by this operation, which was carried out by Wood, Gundy & Co.

Wants Income Taxation

Amendments to the city charter that the Legislature is being asked to enact at the present session include an income taxing scheme to take the place of the service tax tried out with very indifferent results last year. The new tax as now proposed is considerably modified and aims only at raising some $55,000 of additional revenue.

It had been hoped that Edmonton, along with the other cities, might be able to secure a larger share in the revenues of the Province, particularly in respect to licenses and fees, but a request to that effect brought from the Government an answer that no more could be given the cities, which already were receiving of provincial assistance in excess of the country.

The income tax is therefore one of Edmonton's means of raising more money for itself. The scheme includes the principle of setting off land and income taxes against each other.

Mr. Yorath's Presentation

Edmonton's city commissioner, C. J. Yorath, presented a memorandum to the Alberta Provincial Government asking that the province turn back to the municipalities certain sources of revenue now encroached upon by the provincial government. The taxes mentioned were the supplementary revenue tax of 2 mills on civic assessments, the amusement tax; license fees, automobile taxes, etc. It was also asked that government buildings be made subject to taxation and that the province contribute a larger share to the cost of hospitals and education.

EQUALIZE ASSESSMENTS

Aim of New Legislation in Saskatchewan

REGINA.—The establishment of an assessment commission is provided for in an Act of the provincial legislature. The bill embodies the suggestions made as the result of the recent enquiry into the equalization of the Public Revenue Tax and provides for the appointment of an assessment commission consisting of three members, including the chairman.

The commission will exercise general supervision over the administration of the assessment provisions in municipal acts, prescribe a uniform system of procedure in the preparation of assessment rolls and require assessors to make such returns as the commission may call for.

The creation of a provincial tax commission to regulate levies for province-wide purposes as between rural and urban municipalities, will not interfere with autonomy of municipalities insofar as their own taxes are concerned. This announcement is made by Hon. Charles A. Dunning provincial treasurer.

The commission will regulate assessments only. If the assessment of a municipality were changed, the mill rate could be changed accordingly by the municipal authorities.

Created to help and give advice to the municipalities, the commission would not interfere with the workings of the Local Government Board, Mr. Dunning declares. The government only had two alternatives—it could control the capital borrowings or it must pay the debts contracted by municipalities.

To Remain Solvent We Must Control The "Uncontrollable"

All Expenditures By Cities Can Be Controlled Somewhere, at Some Time, by Some Person—An Old Fallacy is Exploded

By HORACE L. BRITTAIN,
Managing Director Toronto Bureau of Municipal Research and Citizens' Research Institute of Canada.

The human mind is accustomed when it wishes to cover up lack of knowledge, or to stop thinking on any troublesome question to tag the unknown thing or the troublesome thing with a name. After this is done the evil spirit of curiosity or worry is laid. Thought and inquiry are no longer necessary. The word assumes meaning and authority and is bandied about with perfect nonchalance.

This is to some extent the history of the word "uncontrollable" as applied to municipal expenditures. In reality, aside from disasters and other unforseeable eventualities, all civic expenditures are controllable at some time, to some extent, by some person or persons.

Some "Horrid Examples."

For example, in most civic budgets one finds the school expenditures listed under the "uncontrollable" items. Legally, current expenditures for education are or may be uncontrollable by the city council, but they are controllable by the board of education, and, therefore, by the citizens who elect it. The citizens have just exactly the same right and power to control the expenditures of the board as the expenditures of the city council.

Again, in many cities police expenditures are listed as "uncontrollable" for the reason, usually, that the police board is a separate board constituted by provincial law and claiming fiscal independence. Is there any good reason why the expenditures of police department should be "uncontrollable" and those of the fire department "controllable"? As a matter of fact, the Mayor is usually a member of the police board and is in a position to exercise a great deal of moral influence through his ability to present the needs of other civic departments. Moreover, few appointive or ex-officio boards of which a city representative is a member desire to give the citizens a service in advance of what they want and are willing to pay for. They are usually willing to control their expenditures in accordance with the wishes of the taxpayers. It is interesting to note that the 1921 Toronto estimates list police expenditures among "controllable." This is a noteworthy innovation in Ontario and was made possible by an amendment to the provincial law.

Athough boards of health are usually appointed by the city council, they are organized under special provincial legislation which gives them wide powers. Their expenditures are, therefore usually listed under "uncontrollable," although for the first time, last year's estimates for the city of Toronto included proposed public health expenditures under "controllable." The city council, through the appointing power, has at least indirect control and in actual practice a proper co-operative attitude having been established, there is little trouble in establishing effective control by the representatives of the people. If necessary, provincial legislation should be obtained which would make clear the right of the city council to revise health estimates.

Regarding Debt Charges

But the perfect type of "uncontrollable" expenditures are debt charges—interest and sinking fund or repayment of principal. Of course, interest on debts and repayments of debt are uncontrollable after the debts are contracted. The only time that debt charges are controllable is before the debt is incurred. That is why the annual budget of every city should have a loan fund expenditure section as well as a current fund expenditure section, why proposed capital expenditure should be just as carefully set forth and analyzed as proposed revenue expenditures, and why expenditures from borrowed funds should be appropriated in the annual civic budget just as carefuly as expenditures from tax revenue and revenues other than taxation. It may be that it might not be possible at the first of the year to predict all local improvements, but at least the capital budget should set apart a provisional appropriation to cover such cases from which allotments could be made as necessity arose. This method would place a limit at the first of the year on capital expenditures from borrowed funds and would exercise a salutory control over so-called "uncontrollable" debt charges.

The use of the word "uncontrollable" in public financial documents makes it easy for politicians to excuse themselves for increased current expenditures by pointing out that the "controllable" expenditures, for which alone they claim to be responsible, have increased at a rate less than the rate of increase of "uncontrollable" expenditures. It is true that the expenditures of independent outside boards may be legally uncontrollable as far as the council is concerned. It is true that the increase in "uncontrollable" in any year may be due to the action of the preceding councils. It is also true that friendly co-operation with outside boards can do much and that when this fails there lies a way of escape through provincial legislation. It is further true that the people themselves are responsible if they allow present city councils to cripple future city councils by incurring debts unwarrantably large.

Why not abolish the word "uncontrollable" in civic estimates and with it the state of mind which it represents? If modern cities are to remain solvent they must learn how to control the "uncontrollable."

Tenders and By-Laws

TENDERS WANTED

Feb. 28, R. M. Morton.—$58,300 6 per cent., 30-year good roads debentures. G. C. Smith, sec.-treas., Municipality of Morton, Boissevain, Man.

Mar. 3, R. M. of St. Andrew's, Man.—$84,758 5½ per cent. good roads debentures. Repayable in series from 1941 to 1949. J. D. Foster, sec.-treas., Clandeboye, Man.

Mar. 7, East Angus.—$25,000 debentures. J. Alfred Girard, sec.-treas., East Angus.

Mar. 2, Toronto Separate School Board.—$500,000 5½ per cent., 20-year debentures. Albert Hornberger, Chairman of Finance, Separate School Board.

Mar. 3, Ford City.—$22,000 6½ per cent., 20-year public school debentures. J. F. Foster, Town Clerk.

Mar. 1, Twp. of Scarborough.—$196,288 6½ per cent., 19-instal. debentures. James T. Stewart, Treasurer, Twp. of Scarborough, Birch Cliff.

Mar. 6, Hull, Que.—$130,700 6 per cent. debentures, maturing 1st May, 1941; May, 1951; May, 1928. H. Boulay, City Clerk, Hull.

Mar. 6, Consumers' Gas Co.—$7,500, 150 shares of capital stock, having par value of $50. Arthur Hewitt, General Manager, Toronto.

Mar. 6, Village of Watford.—$11,000 6 per cent., 20-instal. debentures. W. S. Fuller, Village Clerk.

Feb. 27, Windsor.—$400,000 6 per cent., 20-year, guaranteed by province; $48,000 6 per cent., 20-year; $318,230 6 per cent., 10-year debentures. M. A. Dickinson, City Clerk.

Feb. 27, Hamilton.—$1,053,000, various issues. City Treasurer Davis.

FIGHT ON WITH CITY OVER D. U. R. PRICE

MONTREAL. — Despatches from Detroit indicate that Mayor Cousins is becoming wrathy. The friendly air that characterised his dealings with the new group prior to the annual meeting appears to have departed. His general attitude this week at the conference was an unyielding one, and he refused to raise the final $19,850,000 by a single cent. The Board adjourned until next Monday without taking definite action on the city's offer and in some quarters this is viewed as terminating negotiations. The Mayor declared that the company must either accept the city's offer or be forced to tear up its tracks on Fort Street and Woodward Avenue. The civic authorities also informed the company that as franchises on other lines covering about 100 miles expire within Mayor Cousin's term of office the city probably would insist on the removal of their tracks from these streets in case of failure to sell out to the city. The company's attitude seems to favor a sale of a portion of the inter-city lines at once and gradually to dispose of the balance while the city wants to settle the matter once for all. The Mayor insists that his offer expires on February 28 and will not be renewed. The directors declare they have improved the original offer and will gain still further concessions.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date	Place	Sold to	Rate	Term	Amount	Price	Basis
Feb. 20	Montreal, P.Q.	A. E. Ames & Co., Wood, Gundy & Co. and Dominion Securities Corp.	5½%	10 yrs.	$5,000,000	99.188	5.61
Feb. 20	Stratford, Ont.	A. E. Ames & Co.	6%	20 and 30 yrs.	176,000	106.54	5.50
Feb. 22	Carleton County, Ont	Municipal Bankers Corp.	5½%	5 and 20 yrs.	300,000	99.927	5.51
Feb. 18	Kitchener, Ont.	A. Jarvis & Co.	6%	20 in.	248,000	103.41	5.59
Feb. 18	Lunenberg, N.S.	W. F. Mahon & Co. and J. C. Mackintosh & Co.	5½%	18 and 24	65,000	......	...
Feb. 20	Meaford, Ont.	Local investors	6½%	....	15,000	......	...
Feb. 18	Selkirk, Man.	Canada Bond Corp.	6½%	25 yrs.	120,000	95	6.92
Feb. 18	Hudson, P.Q.	Mackenzie, Kingman & Co.	6%	30 yrs.	33,700	96.72	6.24
Feb. 18	Prescott and Russell	R. C. Matthews & Co.	6%	....	100,000	103.189	5.60
Feb. 20	Arnprior	Wood, Gundy & Co.	6%	20 yrs.	8,862	103.58	5.70
Feb. 20	Brantford Scales	Corporation, Housser, Wood & Co.	8%	20 yrs.	200,000	......	...

Industrial Preferred Stocks
May we send you a copy of our latest select list of Industrial Preferred Stocks?
We consider these stocks comprise the most attractive selection of Preferred Industrials on the Canadian Market today. Each of the issues named is listed on the Toronto Stock Exchange. Not one was included until observation and investigation had proved the sound character of its Security, the attractiveness of its Yield and its ready Marketability.
Present prices are decidedly interesting. 27
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Is The Moment
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The opportunity is yours today. High grade Bonds yielding attractive interest return are now being offered at very remunerative prices.
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Investment Securities
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Why not keep as well posted on Bond prices. Send us your name and we will forward to you our Current List of Bond prices every two weeks. This should help you to judge when it is good to buy and to sell. Address
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Dominion Bank Bldg.
TORONTO
Canada

Sun Life Assurance Company of Canada
Head Office: Montreal

Assurances in Force - $500,000,000

BRITISH COLONIAL
FIRE INSURANCE COMPANY
MONTREAL
Canadian—Strong—Progressive
Generai Fire Insurance Business Transacted
Uheodore Meunier, Manager

The Independent Order of Foresters
Organized 1874
TOTAL BENEFITS
Paid to Members and their Beneficiaries
$74,000,000.00
POLICIES ISSUED FROM $500 TO $5000
G. E. BAILEY, Secretary
W. H. HUNTER, President
G. R. COTTRELLE, Treasurer

THE
CANADA NATIONAL FIRE
INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, MAN.

A Canadian Company Investing Its Funds in Canada

APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. W. H. George, Superintendent of Agencies

Interesting Facts concerning the Mutual of Canada

The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.

EQUITABLE - DEMOCRATIC - ECONOMICAL
THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA
WATERLOO - ONTARIO

INVEST YOUR SAVINGS
In a 5½ DEBENTURE of The Great West Permanent Loan Company
5½% Interest Return
SECURITY
Paid-up Capital $2,414,663.00
Reserves 1,100,000.00
Assets 6,184,420.00
HEAD OFFICE, WINNIPEG
Branches: Toronto Regina Calgary Edmonton Vancouver Victoria Edinburgh, Scotland

When selecting a Trust Company as an Executor, choose one whose fixed policy is to give
FINANCIAL ASSISTANCE
to Estates being administered by it
PAID-UP CAPITAL AND RESERVE.................... $1,212,725
The Imperial Canadian Trust Co.
EXECUTOR, ADMINISTRATOR, ASSIGNEE, TRUSTEE, ETC.
HEAD OFFICE: WINNIPEG
BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY
VANCOUVER AND VICTORIA

Another Year of Splendid Progress

	1920	1921
Insurance in Force	$22,190,672.00	$26,391,890.00
Revived	7,863,854.00	8,631,651.00
Policies Issued and Payments to Policyholders	263,891.00	307,275.00
Reserves	3,051,605.00	3,417,194.00

In 1921 the mortality experienced was only 42.3 per cent. of that expected and the average rate of interest earned was 6.44 per cent.

The Northern Life Assurance Company of Canada
HOME OFFICE - LONDON, ONTARIO
R. C. MACKNIGHT, General Manager.
T. H. PURDOM, K.C., President.

INSURANCE AND REAL ESTATE

FIRE INSURANCE RATES TOO HIGH, FINDS COMMITTEE

Similar Fire Risks in States Lower Than Ontario's

SIX BILLS IN HOUSE

Companies Should Keep Records of Premiums and Losses in Approved Classifications

Report of Select Committee of Ontario Legislature Appointed to Consider the Report of the Master Insurance Commission.

Information received by the Committee tended to show that the premium rates being charged by the associated fire insurance companies for insurance of private dwellings and their contents in the protected cities and towns of Ontario were higher than necessary. This information was that for a considerable term of years the actual losses experienced by the fire insurance companies on private dwellings and contents in Ontario was approximately thirty per cent. of the premiums collected from insured persons; also, that comparison of the rates charged in Ontario cities and towns with the rates charged for similar risks by the same companies in the cities and towns of New York state and elsewhere showed the Ontario rates were higher. Comparing the rates charged in the City of Toronto with the rates charged in the cities of Buffalo, Rochester, Syracuse, Cleveland and Detroit, it was found that the Toronto rates were in the approximate proportion of fifty to thirty or thirty-five.

Replies of C. F. U. Not Satisfactory

The reply of the Canadian Fire Underwriters' Association to these representations did not, in the opinion of the Committee, satisfactorily explain the discrepancies referred to or the high charges made in Ontario. A suggestion was made that the fire losses in Ontario were substantially higher than in the other places quoted by way of comparison, but no evidence was adduced. The Committee consider that the greater rates charged in Ontario cities and towns could only be justified by some one or other or all of the following causes:

First—Lack of adequate fire protection.

Second—Inferior class of building and fire resisting construction.

Third—Greater carelessness.

Fourth—Greater incendiarism.

There was no evidence that any one or other of these causes existed. Figures showing a greater per capita fire loss in Canada than in the United States were submitted but owing to the fact that no evidence was submitted as to the comparative amounts of insured property per capita in Canada and in the United States, it did not appear that these figures had any relation to the question of rates or cost of insurance. The Committee are of the opinion that the replies submitted by the Canadian Fire Underwriters' Association are not satisfactory; that the Underwriters should further consider the matter of insurance rates for private dwellings and contents in protected cities and towns of Ontario to the end that some further reduction be made, that in the meantime no recommendation should be made of any legislation touching this particular matter.

Makes Three Recommendations

The Committee has, however, recommended certain provisions of a general character bearing on the general subject of fire insurance costs in Ontario in the Bills submitted herewith, namely: First, a requirement that the companies should keep regular and systematic records of premiums and losses according to a classification approved by the Department of Insurance and make these records available for examination. Second, provision for enquiry by the Superintendent of Insurance into matters of public interest affecting fire insurance rates and costs and, Third, provision for the encouragement of competition for insurance by providing for the organization and licensing of reciprocal insurance exchanges. These and other provisions will be found in the Bills submitted herewith.

The Committee during the whole discussion on insurance and after hearing the Canadian Fire Underwriters' Association were impressed with the great importance of reducing fire waste by adequate means for fire prevention. The commissioner stated in his report that "if the fire loss could be cut in half, there would be an immediate saving to the people of Ontario of from four to six millions of dollars per annum." The Committee believe that aside from all other considerations the burden of fire insurance premiums can be materially reduced by the adoption of fire prevention methods calculated to reduce the fire loss within the Province.

This Committee combined its findings in the form of six bills, which have been placed before the Legislature. The six bills submitted recommend the following additions to the Insurance Act:

(1) Automobile insurance; That the statutory conditions for automobile policies be the same as those provided for fire insurance policies.

(2) Accident and sickness insurance.

(3) Reciprocal or inter-insurance; Providing for the organization and licensing of mutual insurance companies.

(4) Insurance agents, brokers, and adjusters; Committees' recommendations have been approved by the Associated Insurance Companies.

(5) Insurance rating Bureaus.

(6) Amendments to the Ontario Insurance Acts; Including amendments relating to, old age insurance of fraternal societies, general penalties, holdings of real estate by insurance companies, and fire insurance policies as collateral security to mortgages.

Extortion Charged In a Builders' Strike

William P. Kenneally, for many years a member of the New York Board of Aldermen and regarded as Charles F. Murphy's chief lieutenant in dealing with labor organizations, has been indicted on a charge of extortion. The charge is the outcome of a strike which it is alleged was settled by a levy of $3,000 when the strike was called off.

Kenneally's connection with the building trades covers a long period. He is a steamfitter by trade and draws $100 a week for life as business agent of the Steamfitters' Helpers' Union. He is not known to have worked at the trade for more than ten years, certainly not since he entered the board of aldermen as representative of Charles F. Murphy's district.

LEAVE INSURANCE ON INCOME PLAN

Beneficiaries Lose More Than $150,000,000 Yearly by Poor Judgment

In addressing the Western Ontario Salesmanship Congress, Gordon Ramsay of Toronto discussed "Insurance earning ability rather than Life," deploring the reckless manner in which business men leave large sums of money to women who have had absolutely no experience with finance. The immediate results of which is that there are some men who make it business to prey upon women, to whom money is left. Many companies have stopped publishing lists of beneficiaries because they were being used by these men. He pointed out that no less than $150,000,000 is lost every year by various fraudulent schemes.

"The best way of overcoming this kind of loss and saving women trouble," he said, "is the monthly income plan. To my mind it is the best selling argument at the command of the men in the business to-day. It is sure and it is convenient and it avoids all possibility of fraud. There is a big field here. A field that is most promising at the present time in that it has been but little touched is for selling income policies to the farmers. I believe the day is coming when farmers will be as much interested in monthly income insurance as they are in automobiles. There is no doubt whatever regarding the interest that is being taken by the public generally in this plan. Checking up our advertising has shown that there are more replies for this kind of policy than any others."

CANADIAN FIRE HAS SUCCESSFUL YEAR

The Total Assets Show an Increase of $41,484 Over A Year Ago

Marked progress made during the year, is the report of the Canadian Fire Insurance Company of Winnipeg. The company's gross premium income amounted to $676,346; the net premium income at $420,169, which is the largest in the history of the company. The ratio of losses to the premiums earned was 41 per cent. as compared to 33 per cent. in the previous year. Half-yearly dividends of 8 per cent, together with a bonus of 2 per cent., making a total of 10 per cent., were paid.

After making provision for dividends, taxes, increased reserve for the unearned premiums and all other liabilities, a balance of $36,870 was added to the surplus. The total assets amount to $1,858,783 an increase of $41,484 over a year ago. The surplus to policyholders stands at $1,040,143, while the surplus to shareholders is $404,143.

THE MORAL HAZARD

There is every indication that tightness of money is resulting in efforts to "milk" the insurance companies in Minnesota. George H. Nettleton, state fire marshal, says that never in the history of his department has he been called upon to investigate so many questionable fires.

OUTLOOK MORTGAGE MONEY IN SCOTLAND

British Investors Now Seeking Higher Interest on Investments in Canada

Conditions faced by mortgage companies operating in Canada and dependent for a considerable portion of their debenture money on ventures in Scotland, were dealt with at the annual meeting of the Real Estate Loan Company of Canada by the president, Edmund Wragge. British investors are now seeking higher interest rates with the result that there is a decrease in amount of Sterling debentures. While paying off where advisable, this company, in common with some of the other large Canadian companies has carefully considered the interests of debenture holders and endeavored to conserve Sterling and good-will through the very difficult times being experienced.

Referring to conditions in the mortgage field in Canada, Mr. Wragge reports favorable results for the year. Holdings of real estate foreclosed were decreased. The demand for mortgage money through the year was good with remunerative rates and this condition continues.

The company's income from interest on investments at $94,897 made a satisfactory showing compared with $90,087 for the previous year and $84,151 in 1919. Interest and management showed some increase but taxes were much reduced and the net profit of $45,400 compared with $40,062 the previous year. Dividends took $35,000; $10,000 was carried to reserve and $1,109 added to the contingent fund, leaving a balance of $5,403. In addition a profit on sterling exchange was carried to the contingent fund making $20,000 in all. The rest now stands at $250,000 o 50 per cent. of the share capital and the contingent fund at $30,000, the total of these two accounts is now $280,000, having increased from profits by $100,000 since 1913, the year before the war. Following are comparative figures of the profit and loss account for the last three years.

	1921	1920	1919
Earnings	$94,897	$90,087	$84,151
Interest	27,246	26,641	31,345
Expenses	2,602	816	1,446
Management ..	13,082	12,380	11,432
Taxes	4,567	10,188	3,711
	$47,497	$50,025	$47,934
Net profits...	$47,400	$40,062	$36,217
*Bal. forward.	4,112	251	5,234
	$51,512	$40,313	$41,451
Distribution—			
Dividends. . .	$35,000	$35,000	$35,000
Reserve	10,000	....	5,000
Contingent ...	1,109	....	......
Balance . . .	5,403	5,313	1,451
	$51,512	$40,313	$41,451

*Less amount voted to president and vice-president.

The company's earnings record for the past seven years is summarized as follows:

Year	Paid-up Capital	Profits	% Div.	Profits Cap.	Earn Rate
1921...	$500,000	$47,400	7	9.4	6.3
1920....	500,000	40,061	7	8.0	5.2
1919....	500,000	36,217	7	7.2	4.7
1918....	500,000	39,881	7	7.9	5.2
1917....	500,000	53,579	7	10.7	7.2
1916....	500,000	55,169	7	11.0	7.7
1915....	500,000	56,695	7	11.3	8.1

The balance sheet shows a reduction in Sterling debentures of over $100,000 which has an effect upon mortgage loans and on investments and securities.

PORTAGE LA PRAIRIE MUTUAL

$26,000,000 New Business Written During the Year

With a total of $26,207,317 new insurance written during the year, the annual report of the Portage La Prairie Farmer's Mutual Fire Insurance Company, shows an increase of $7,318,425 over the previous year making a total of $70,472,332 business now in force.

The statement shows total assessments for 1921 at $215,123, while the re-insurance for loss claims amounted to $3,584. The balance of premium notes up until the end of 1921 totalled $948,900. The interest earned on bonds was $3,250. The loss claims paid by the company are placed at $164,754; operating expenses amounted to $64,071 and balance in the bank $64,230. The balance of assets after all liabilities were paid stood at $1,135,199

BEAVER FIRE

In the annual report of the Beaver Fire Insurance Company, of Winnipeg, emphasis is given to the fact that it is an all Canadian Company, with all its investments made in Canada. The investments, which include bonds and mortgages, show an increase of $28,527, from $339,369 to $367,898. The assets now total $418,230 representing an increase of 5 per cent. The surplus available to policy holders amounts to $338,891 and includes paid-up capital of $237,395 and a net surplus of $101,496.

Jacksonville dispatch says confidence men have swindled tourists to Florida resorts of $1,500,000 this season, losses of that amount being admitted by victims at preliminary hearings following arrest of nineteen men in that city as "steerers."

The Western Empire
Life Assurance Company
Head Office: 701 Somerset Bldg., Winnipeg, Man

Men of proven ability would do well to write for particulars of the Agency Contract the Company is prepared to offer. Several District Managers required to cover exclusive good territory at a number of Western points.

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Managing Director

British America Assurance Co.
Fire, Marine, Hail and Automobile Insurance
HEAD OFFICE - TORONTO
BOARD OF DIRECTORS: W. B. Meikle, President and General Manager; Wilfrid M. Cox, Vice-President; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - - $4,400,000.00
Losses Paid Since Organization, over - $50,000,000.00

Western Assurance Company
Fire, Marine, Automobile, Hail, Explosion, Riots, Civil Commotions and Strikes Insurance
Incorporated 1851
HEAD OFFICE. TORONTO, ONT.
Assets over - - - $7,900,000.00
Losses paid since Organization - - $81,300,000,000
BOARD OF DIRECTORS: W. B. Meikle, President, Wilfrid M. Cox, Vice-President, Sir John Aird, Robert Bikerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper, (London, Eng.) H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major-Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.

THE NORTH EMPIRE FIRE INSURANCE CO.
Head Office-WINNIPEG
Toronto Office: [illegible]deration Life Building
Thompson, Dale & Power, Ltd., Toronto, *City Representatives*
Fess & Smith, Ltd., Winnipeg, *Western General Agents*
Lukis, Stewart & Co.: Ltd., Montreal General Agents
(Policies guaranteed by the London Guarantee and Accident Co., Limited.)

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American Bank Note Company
Incorporated by Act of the Parliament of Canada
Engravers and Printers
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and Other Monetary Documents
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Company, Limited

THREE RIVERS, P.Q.

Manufacturers of Fine White Cotton, also Spinners' Fine Counts of Yarns

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222 ST. JAMES STREET
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Hydraulic and Steam Power Developments
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Heavy Foundations
Dams and Bridge Piers
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Dominion Textile Company
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Manufacturers of

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MONTREAL TORONTO WINNIPEG

Western Canada Flour Mills Company
Limited
A. KELLY, President
J. E. MACFARLANE, Gen. Mgr.
Head Office: Toronto
Mills at
Goderich Winnipeg Calgary
Brandon Edmonton Victoria
Daily Capacity—Flour, 10,000 barrels Rolled Oats, 1,000 barrels
MANUFACTURERS OF
PURITY FLOUR PURITY OATS

P. Lyall & Sons
Construction
Company, Limited
Toronto - Montreal - Ottawa

A BRITISH COMPANY
UNION INSURANCE SOCIETY OF CANTON
LIMITED
Established 1835
Fire - Automobile - Marine Insurance
TOTAL ASSETS OVER $40,000,000.00
Head Office for Canada - 36 Toronto St., Toronto
C. R. DRAYTON, Manager for Canada

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85 McCAUL ST., TORONTO

INCREASE SHOWN JANUARY TOTAL ON CONSTRUCTION

Expansion Over $675,000 as Compared With Year Ago

TORONTO IN LEAD

Total for Queen City and York Township Showed Increase Equal to Expansion For All Canada

The first month of the new year made a satisfactory showing, comparatively, as regards building permits; there was an increase of $678,457 as compared with January of a year ago, the total being $2,939,027 for twenty-five eastern and sixteen western cities reporting to the FINANCIAL POST—the increase was $575,864 for the eastern group and $102,611 for the western.

Toronto and York Township, adjacent to the city, practically accounts for the expansion referred to, the increase in the case of the city being $574,539 and for the township $191,300. Montreal showed a decline of $137,765 and Quebec an increase of $156,115. Hamilton showed a decline of $241,560. Other changes in eastern cities were not important. In the west, Prince Rupert showed a increase of $134,680 and Calgary $59,700 while Winnipeg fell off $96,900. Following are comparative figures:

BUILDING PERMITS ISSUED IN JANUARY
Eastern Cities.

	Jan. 1922	Jan. 1921	Change
Maritimes—			
Halifax	31,585	$14,175+	$17,410
Moncton	15,950	5,525+	10,425
Quebec—			
Montreal	215,460	353,225—	137,765
Quebec	169,430	13,315+	156,115
Sherbrooke	....	12,000—	12,000
Westmount	3,400	2,400+	1,000
Ontario—			
Brantford	85	13,900—	13,815
Fort William	7,550	13,000—	5,450
Galt	9,100	......—	0,100
Guelph	8,130	4,875+	3 255
Hamilton	106,090	347,650—	241,560
Kingston	377	1,305—	928
London	44,430	40,100+	4,330
Ottawa	27,400	11,000+	16,400
Peterborough	7,540	5,787+	1,753
Port Arthur	475	1,250—	775
Sarnia	39,745	30,510+	9,235
St. Catharines	7,790	18,335—	10,545
St. Thomas	600	3,050—	2,450
Stratford	3,240	5,055—	1,815
Toronto	1,159,159	584,620+	574,539
Welland	7,800	4,525+	3,275
Windsor	89,185	94,400—	5,215
Woodstock	10,325	280+	10,045
York Township	358,550	167,250+	191,300
Total 25 East Cities	$2,323,396	$1,747,532+	$575,864
Western Cities			
Alberta—			
Calgary	$92,700	$33,000+	$59,700
Edmonton	14,450	13,400+	10,050
Lethbridge	385	440—	55
Medicine Hat	225	2,000—	1,775
Manitoba—			
Brandon	1,700	1,200+	500
St. Boniface	13,000	5,150+	7,850
Winnipeg	77,900	174,800—	96,900
Saskatchewan—			
Moose Jaw	1,280	3,285—	2,005
Regina	14,195	28,150—	13,955
Saskatoon	7,500	9,600—	2,100
Weyburn	.....	975—	975
Yorkton	250	2,000—	1,750
British Columbia—			
New Westminster	9,600	1,000+	8,600
Prince Rupert	135,680	1,000+	134,680
Vancouver	208,006	189,210+	18,796
Victoria	38,760	47,810—	9,050
Total 16 Western Cities	$615,631	$513,020+	$102,611
Grand Total 41 Cities	$2,939,027	$2,260,552+	$78,475

MERCANTILE TRUST

Profits Well Maintained During An Unsettled Year

Considering the unsettled conditions prevailing generally, the fact that the profits of the Mercantile Trust Company of Canada were so well maintained will be a matter of satisfaction to the shareholders. Net earnings amounted to $55,325 as compared with $56,736 in 1920 and $55,470 in 1919. After providing for tax reserves, dividends, etc., $25,000 was aided to the reserve fund and a balance $6,831 carried forward as compared with $16,314 brought forward. Following are comparative figures for three years:

	1921	1920	1919
Profits	$55,325	$56,736	$55,470
Written off	5,308	....	6,745
Tax reserve	3,500	4,000	3,000
	8,808	4,000	9,745
Net profits	$46,517	$52,736	$45,725
Bal forward	16,314	7,578	15,546
Prem. on stock	......	......	620
	$62,831	$60,314	$61,891
Distribution—			
Dividends	30,000	35,000	29,313
Contingent	1,000	2,500	......
Reserve	25,000	......	25,000
Depreciation	......	6,500	......
Balance	6,831	16,314	7,578
	$62,831	$60,314	$61,891

Following is a summary of the company's earnings record for the past six years:

Year	Paid-up Capital	Net Profits	% div.	prof. av. cap.	earn rate
1921	$500,000	$46,517	6	9.3	7.0
1920	500,000	52,736	6+1	10.5	8.3
1919	500,000	45,725	6	9.5	7.6
1918	487,600	43,694	6	9.0	7.4
1917	483,500	40,389	6	8.4	7.1
1916	469,500	39,990	6	8.7	7.4

Continued expansion of various departments of the company's activities is indicated by the balance sheet, total assets increasing from $5,919,339 to $6,117,169.

WATERLOO LOAN CO. INCREASED DEPOSITS

A Further Expansion Noted and Profits Larger Than Previous Year

Further expansion of savings deposits of the Waterloo County Loan & Savings Company is indicated in the annual statement. The total of $1,268,210 compared with a total of liabilities to the public of $1,899,699. Debentures totaled $611,489 and deposit receipts $20,000 while a loan of $229,195 on security of Victory bonds has been paid off. According to Thomas Hilliard, the president, the company, in spite of general conditions prevailing, had a very substantial increase in new business. The result was that earnings of $182,089 compared with $178,115 in the previous year and $144,032 in 1919. Interest payments on deposits and debentures increased but there was a saving in interest on loans. Net profits were somewhat lower than in the previous year but higher than in 1919. Dividends took $39,268 and $15,000 was added to the reserve, leaving a balance of $9,012 of which $2,496 was brought forward. Following are comparative figures:

	1921	1920	1919
Earnings	$182,089	$178,115	$144,033
Interest			
On deps.	53,483	51,181	40,122
On debs.	31,103	28,377	23,873
On loans.	4,921	11,159	3,520
Com. acct.	4,008	1,698	1,459
Expenses	28,997	28,706	23,945
Inc. tax	4,197	......	......
Written off	743	......	1,466
	$127,452	$121,121	$94,385
Net profits	$54,637	$56,994	$49,648
Bal forward	2,496	2,256	1,531
Prem on stock	1,950	1,753	8,864
*From cont.	4,197	....	....
	$63,280	$61,003	$60,043
Distribution—			
Dividends	$39,268	$37,507	$32,987
Reserve	15,000	15,000	21,800
Contingent	......	6,000	3,000
Balance	9,012	2,496	2,256
	$63,280	$61,003	$60,043

*Brought forward from contingent funds provided for Dominion Government income tax.

The company's earnings record for the past seven years may be summarized as follows:

Year	Paid-up Capital	Net Profits	% Div.	Av.* Cap.	Earn Rate
1921	$674,295	$54,637	6	8.4	6.9
1920	638,764	56,994	6	9.1	7.7
1919	604,331	49,649	6	9.2	7.9
1918	481,802	40,462	6	9.3	8.0
1917	415,366	34,355	6	8.5	7.4
1916	383,779	31,762	6	8.8	7.7
1915	332,876	25,323	6	7.8	7.0

*Average capital, reserves and profit and loss at beginning of year.

Total assets showed a decline of over $47,000 there being an increase in mortgage loans but a considerable decline in holdings of federal and provincial bonds.

LETTERS TO THE EDITOR

THE CO-INSURANCE CLAUSE

The Editor,
THE FINANCIAL POST,

Sir:—The "Enigma of co-insurance" seems to be too much even for those who attempt to expound it.

Mr. Adamson (in the issue of THE FINANCIAL POST of February 10th) says the "distribution clause is in fact the 100% co-insurance clause," falling into the same error as did the underwriters of thirty years ago when I introduced that clause into Canadian underwriting practice.

It was evolved from the necessities of the case. The rule required specific insurance on each separate risk, or if blanket 100% co-insurance. This actually resulted in some enterprising agents and brokers advising assureds to remove fire doors to enable them to get insurance in one sum without co-insurance—in fact setting a premium upon increase in fire hazard.

It was not hard to meet this situation: just write the policy blanket over all but insert a clause making the insurance apply in each section in proportion to value and so follow the fluctuations in value—something very different from the co-insurance clause though it took some time to convince my confreres of those far off days.

The effect of the distribution clause in a policy is simply to make the insurance specific in each section in proportion to value regardless of the amount of insurance carried.

Yours very truly,
T. L. Morrisey.

Montreal, Feb. 14, 1922.

A QUESTIONABLE ITEM

Editor, The Financial Post:

Sir,—I would call your attention to a questionable item in the balance sheet of an insurance company as published in a recent issue of your excellent organ.

This item is noted under the caption "additional assets," as "market value of bonds over cost." Now, it is fairly well known to any intelligent person that bonds are rarely bought at par. If bought at par they should be shown on the balance sheet at par. If however, they are bought at a premium or discount, they should be reduced or increased by the difference between the nominal and effective interest received up to date, which adjustments are called amortization and accumulation respectively.

What the auditors have apparently done, assuming the bonds to have been bought at a premium, is to have taken the whole income as applying to the period under audit and to make no allowance for the amortization of the premium on the bonds. They have then over and above that added the market appreciation.

Turning now to the question of the contra account for this "market appreciation" of the asset account. We find a lamentable lack of unanimity in the practice of accountants and auditors in dealing with "market appreciation." Some so-called reputable practitioners actually show this market appreciation as at the date of balance sheet, but I venture to assert that the occasions have been rare indeed where this appreciation has been thrown into the general surplus account as a profit of the period, instead of in a "capital surplus" or some such appropriate caption. In this case as no "capital surplus" or appropriate equivalent caption appears, it may be assumed that the profit for the period has been inflated by this in itself doubtful capital surplus item.

In conclusion I might state that the auditors—not chartered men—(please do not infer from this observation that it is the writer's opinion that all accountants and auditors who are not chartered are not as good or even better than some chartered men) either have been influenced or appear to disclose an astounding lack of knowledge of the elementary principles of bond valuation.

Yours very truly,
S. E. GALE.

Toronto, Feb. 20, 1922.

Mayall Motor Heater
Makes Starting Easy
The Very Thing For This Cold Weather
Ask Your Dealer

BELL TELEPHONE
LOCAL
LONG DISTANCE
TELEPHONE
CANADA

"I Had to Hear Your Voice To-Night!"

Mother had never used the Long Distance telephone — she had no idea how to go about it. She longed to hear her daughter's voice; but she was so far away—she was afraid she would never be able to hear her.

But she could wait no longer. "I must speak to my daughter in Kingston" she told Central. A few minutes later she heard, "Ready with Kingston!"

"Is that you, Alice?"

"Why mother, where are you speaking from?" came the familiar voice she had so longed to hear.

"I'm at home in Hamilton, I just *had* to hear your voice to-night —I couldn't wait any longer!" And so mother and daughter, separated by many miles, had a virtual reunion that night.

It's a weekly affair now, those fond, intimate talks. Distance rolls away, and for a few minutes every Thursday night the familiar voices tell the little family gossip that both are so eager to hear.

Ask "Long Distance" to get the absent one on the telephone for you. Your telephone can bridge the gulf that separates you.

Every Bell Telephone is a Long Distance Station

The Monthly Cheque
That Never Fails

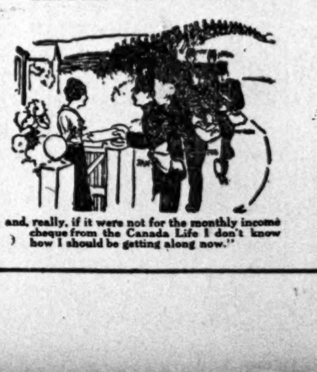
How the Money was Lost

"You see I had only a few thousand dollars left after the estate was settled—

and my brother borrowed some to help him along; of course *that* went and then—

I simply *had* to help father with his business, he was so worried—

and I thought it best to invest something in real estate at once. Well, *that* failed—



and, really, if it were not for the monthly income cheque from the Canada Life I don't know how I should be getting along now."

It is all so simple and effective!

Just a few dollars set aside regularly, and the Canada Life will guarantee to your home a continuous monthly income.

What a relief to know that no matter what may happen, the monthly cheque that never fails, issued regularly by the Canada Life, will come to *your* home!

Your present Life Insurance will no doubt "clear the mortgage," pay off the obligations of your estate, and leave something for your family, but

Consider This:

In addition to a "lump sum" of money, you should provide a definite *income* that cannot fail.

A weekly or monthly income is the natural thing for most people.

A woman can keep a family together on even a small income, provided it is *regular*

Financial problems should not be thrust upon a woman who is not used to business deals.

The hands of unscrupulous men are always outstretched for money held by the unwary.

The Monthly Income Plan

You will be surprised to learn what a reasonable proposition can be made to you; how only a few dollars saved and set aside from your regular earnings can be multiplied into a substantial income for your Beneficiary

Ask for Particulars

Canada Life
Home Office
Toronto
Canada

FILL UP — CUT OFF — MAIL TODAY
Canada Life Assurance Company,
Dear Sir—Without obligation on my part, you may send me particulars of your Monthly Income Plan.
Name
Address
Born Day of 18
Beneficiary Born Day of 18
"12"

THE CANADA LANDED&NATIONAL NVESTMENT COMPANY, LIMITED

DIVIDEND NO. 140.

NOTICE is hereby given that a DIVIDEND OF TWO AND ONE-HALF PER CENT. (being at the rate of ten per cent. per annum) on the amount paid up on the Capital Stock of this Company, has been declared for the quarter-year to the thirty-first day of March, 1922, and that the same will be payable at the office of the company, 23 Toronto Street, Toronto, on and after the **1st day of April, 1922,** to shareholders of record at the close of business on the sixteenth day of March, 1922.

By Order of the Board.
EDWARD SAUNDERS,
Managing Director.

Toronto, February 22nd, 1922.

The Canadian Bank of Commerce

Dividend No. 140

Notice is hereby given that a dividend of three per cent. upon the capital stock of this Bank, being at the rate of twelve per cent. per annum, has been declared for the quarter ending 28th February next, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March, 1922, to shareholders of record at the close of business on the 13th day of February, 1922.

By order of the Board,
JOHN AIRD,
General Manager.
Toronto, 20th January, 1922.

Woods Manufacturing Co., Limited

Common Stock Dividend Notice

The regular quarterly dividend of two (2%) per cent. on the COMMON STOCK of WOODS MANUFACTURING COMPANY, LIMITED, for the quarter ending February 28th, 1922, has been declared payable March 1st, 1922, to shareholders of record February 20th, 1922.

By order of the Board,
JOHN T. F. KEENE,
Secretary-Treasurer.
Montreal, February 14th, 1922.

Dominion Glass Company Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of one and one-half per cent. (1½%) has been declared on the COMMON STOCK of Dominion Glass Company, Limited, for the quarter ending the 31st day of March, 1922, payable Saturday, the 1st day of April, 1922, to Shareholders of record at the close of business Wednesday, the 15th day of March, 1922.

By Order of the Board.
MERVYN OFFER,
Comptroller and Secretary.
Montreal, 16th February, 1922.

DOMINION GLASS COMPANY LIMITED

DIVIDEND NOTICE

Notice is hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the PREFERRED STOCK of Dominion Glass Company, Limited, for the quarter ending the 31st day of March, 1922, payable Saturday, the 1st day of April, 1922, to Shareholders of record at the close of business Wednesday, the 15th day of March, 1922.

By Order of the Board.
MERVYN OFFER,
Comptroller and Secretary.
Montreal, 16th February, 1922.

LAKE OF THE WOODS MILLING COMPANY LTD.

Dividend Notices

Notice is hereby given that a Dividend of 1¾ per cent. on the Preferred Stock of LAKE OF THE WOODS MILLING COMPANY, LIMITED, for the three months ending February 28th, 1922, has been declared payable on Wednesday, March 1st, 1922, to Shareholders of record at the close of business on Saturday, February 25th, 1922.

By order of the Board.
M. H. HUTCHISON,
Assistant Secretary.

Notice is hereby given that a Dividend of 3 per cent. on the Common Stock of LAKE OF THE WOODS MILLING COMPANY, LIMITED, for the three months ending February 28th, 1922, has been declared payable on Wednesday, March 1st, 1922, to Shareholders of record at the close of business on Saturday, February 25th, 1922.

By order of the Board.
M. H. HUTCHISON,
Assistant Secretary.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after Wednesday, the FIRST day of MARCH next, to shareholders of record 31st of January, 1922.

By order of the Board,
FREDERICK WILLIAMS-TAYLOR,
General Manager.
Montreal, 20th January, 1922.

The Bank of Nova Scotia

DIVIDEND No. 209

Notice is hereby given that a dividend at the rate of sixteen per cent. per annum on the paid up Capital Stock of this Bank has been declared for the quarter ending March 31st and that the same will be payable on and after Saturday, the first day of April next, at any of the offices of the Bank in Canada.

The Stock Transfer Book will be closed from the 17th to the 31st proximo, inclusive.

By order of the Board,
H. A. RICHARDSON
General Manager
Halifax, N.S. February 16th, 1922.

IMPOSSIBLE TO MAKE PROFIT ON OCEAN TONNAGE

Loss of $15,000 to $20,000 a Round Trip on Large Vessels

NO RIVER POWER

Shipping Federation of Canada Opposes International Scheme For Harbor Cost

From Our Own Correspondent

MONTREAL. — An interesting review of shipping conditions is contained in the annual report of the Shipping Federation of Canada with headquarters in this city. After referring to the total number of arrivals in port as 964 vessels or an increase of 301 vessels of 860,227 registered tons over the year 1920, the report goes on.

From 49 to 62 Millions

"During the past year the shipping industry experienced a period of depression which has rarely, if ever, been equalled, resultant upon the serious slump in trade and commerce which has affected the entire civilized world. The more immediate cause for the lull in overseas commerce is that countries impoverished by the war have been unable to purchase commodities at the high prices demanded by producers, and the unfavorable state of exchange has resulted in further demoralizing conditions. Yet while the trade of the world has shrunk to smaller dimensions than before the war, the world's aggregate shipping which in 1914 stood at 49,000,000 tons, to-day stands at 62,000,000, so that owners necessarily have considerable difficulty in securing remunerative employment for this tonnage. They are face to face with the dilemma that owing to this scarcity of cargoes it is impossible to operate steamers except at a loss; while on the other hand if vessels are tied up they deteriorate more quickly than if kept in commission.

Forced Sales by Auction

"Forced sales by auction, not only of single ships, but of whole fleets, have been seen of late, and it is feared that this drastic weeding-out process is likely to continue for some months to come. Almost without exception every round voyage of a large vessel to-day shows a loss of between £3,000 and £4,000 and with many of them heavily mortgaged the outlook is not reassuring. Present freights would be profitable if working costs were on a pre-war basis; but these costs are still in the neighborhood of 100 per cent. higher than before the war.

"Shipowners are in the unfortunate position that they cannot create cargoes, but must simply wait for a trade revival before the position can alter materially. In the meantime, all that can be done is to husband our resources and operate vessels still more economically. Gloomy as the prospect seems to be, there is hope that ere long the tide will turn in the direction of prosperity, and this may best be expedited by co-operation of employers and employees."

The report offers a rather strong opposition to the proposed international development of power on the St. Lawrence, partly on account of the cost and Canada's large war debt, and partly on account of the uncertainty of the reaction there might be on the levels of the St. Lawrence below the port of Montreal. The following is the position taken by the Federation:

> With the proposed power development which is now planned in conjunction with the navigation scheme, no one can foretell what will be the reaction on the levels of the St. Lawrence below this port. The St. Lawrence waterway is Canada's priceless heritage, and everything possible should be done to protect and maintain our water levels at any cost.
>
> Colonel Hugh L. Cooper, a hydraulic engineer of New York, stated in his evidence before the International Joint Commission, that in his opinion the scheme for deepening the St. Lawrence was fraught with such serious engineering problems that he would be in favor of spending $500,000 for further investigation.
>
> Furthermore, Canada with its war debt still but slightly diminished is in no position to-day to even contemplate the expenditure of hundreds of millions on a scheme of this nature, the commercial value of which has not been demonstrated, and the cost alone must bar the Dominion from becoming involved in this gigantic undertaking. When the time comes for Canada to undertake work of such magnitude, consideration should be given to the Georgian Bay Canal scheme, which has the advantage of being entirely within Canadian territory; while, in addition, the power development derived therefrom would be entirely controlled by Canada and would be quite immune from international control.

Commerce

H. G. Mathewson, for eight years manager of the Cobalt branch of the Bank of Commerce, has been transferred to Dundas, Ont. R. B. Gibson, manager of the west end branch at the Soo, has been appointed acting manager at Cobalt.

Mexico Tramways Co.

General Consolidated First Mortgage 50-Year 5% Gold Bonds

NOTICE IS HEREBY GIVEN that on and after March 1st, 1922, Coupon No. 18, dated 1st September, 1915, detached from the above Bonds, will be paid at the Bank of Montreal, Toronto, Montreal or London, England, or at the Agency of the Bank of Montreal, New York, N.Y., at the holder's option.

Dated at Toronto this 22nd day ofr February, 1922.

Mexico Tramways Company,
R. H. MERRY,
Secretary.

Why Business Men Failed

Lack of Capital as Chief Cause in Canada, 34 Per Cent. —Incompetence a Close Second — Personal Causes 72 Per Cent.

Interesting Analysis of 1921 Figures

From Our Own Correspondent

MONTREAL.—The annual analysis of business failures in Canada and the United States by Bradstreet's is more than usually interesting this year. The period of 1921 saw the heaviest total of large commercial failures ever reported, and in the United States, "the second largest total of bank suspensions recorded since modern failure reporting was begun in the early '80's." At same time it should be remembered that the heavy increases in values of commodities during the years of war and post-war prosperity greatly added to the totals of failures, really out of proportion to their seriousness relative to the grand total of those engaged in business.

For some years past the principle has been laid down that business success or failure was largely personal—in other words that the individual himself was chiefly responsible for failure to succeed. In 1918 the proportion of failure credited to causes originating within the individual himself rose to its highest point, 86 per cent., while outside influences were credited with causing 14 per cent. The 1919 returns were almost identical with this, 85.9 per cent. In 1920 the proportion due to personal causes fell to 83.1 per cent. In 1921, however, the trader who failed was comparatively speaking "a child of circumstances," only 74.8 per cent. of the 1921 failures being due to cause inherent in the individuals, while 25.2 per cent. were beyond his control. The following is the basis of the individual that contributes to failures, and those conditions not due to this:

Causes of Failures in Canada

The figures covering Canada show as follows:

Cause	1921 %	1920 %
Incompetence	23.2	20.8
Inexperience	4.0	8.1
Lack of Capital	34.0	34.1
Unwise Credits	1.8	2.4
Failures of Others	1.4	1.3
Extravagance	.3	.6
Neglect	1.7	2.9
Competition	.4	.8
Specific conditions	25.6	18.6
Speculation	.7	.5
Fraud	6.9	9.9

This shows that lack of capital covered a little over one-third the failures in both years, the percentage in each case being remarkably close, namely 34. Taking the total liabilities, lack of capital in 1920 represented over 52 per cent. and in 1921 45.3 per cent. Incompetence came second in 1920 with over 20 per cent. but this increased in 1921 to 23.2 of the total failures. It is interesting to note that in the United States incompetence stands as the leading cause of failure with 32 per cent. each year while lack of capital, which is the worst cause in Canada was only 29 per cent. in 1921. Specific conditions caused 25.6 per cent. in 1921 as against 18 per cent. in 1920, while in the United States 23 per cent. were responsible to this in 1921. Fraud, which caused nearly one-tenth of the failures in 1920, was only 7 per cent. in 1921 and still less in the United States, 4.7 per cent.

The total number of failures in Canada in 1921 amounted to 2,395, the largest since 1915, an increase of 144 per cent. over 1920 and nearly four times the low year of 1919 when there were only 626. Liabilities amounted to $51,064,079 or 130 per cent. over 1920 and five times those of 1919. Bringing the matter to a percentage basis of causes it is seen that personal causes are credited with 72.6 per cent. as against 79.3 per cent. in 1920 and 77.3 per cent. in 1919.

In a general review it is stated that co-incident with the rise of the United States in wealth and banking power there was found a fairly steady dimunition in the importance assigned to lack of capital as a cause of failure. In the years 1890-1911 inclusive, this cause stood first as a producer of business failures, from 39 to 30 per cent. of all failures being thus variously credited. In 1921, however, incompetence stood first and since then has held this position except in 1913 and 1914. In 1919 incompetence led with 38.2 per cent. of failures credited to it as against 30.3 per cent. credited to lack of capital. In 1921 incompetence accounted for 32 per cent., with lack of capital 29.3 per cent. as against 32 per cent. in each case in 1920. Incompetence and lack of capital combined in 1921, accounted for 61.3 per cent. or over three-fifths of all failures.

ALBERTA'S BUTTER OUTPUT

Farmers Are Asking Protection Against New Zealand Imports

EDMONTON.—This province will produce 18,000,000 pounds of butter in 1922 and 25,000,000 pounds in the year following, according to an estimate of the Alberta Dairymen's Association. This will be a hundred per cent. increase in two years, and as prospects are now it is thought not too high a mark. The dairymen have gone on record as favoring an increase in duty from three to six cents on butter coming in from New Zealand, which is Alberta's chief source of competition.

Millions of Easy Money: Shareholders Paid Piper

(Continued from page 1)

In an appraisal made last summer, and in a list of vessels of Canada Steamship Lines making up a valuation of $29,000,000 (which by the way we think is greatly inflated) the value of this boat is set down, not at the $2,000,000 you paid for it, but at $960,000. Does this mean the Company had to take a clear loss on this transaction of over $1,000,000 up to the middle of last summer?

Or take that boat to-day. What is its value? Similar boats have been bought and can be bought around $40 a ton. Allow $50 if you will for generous measure, and to-day's valuation on that basis would be $600,000 only, for a boat which was disposed of to Canada Steamship Lines for $2,040,000. To us this looks like a straight loss of nearly $1,500,000.

And who were responsible? Had you purchased the boat from outsiders we would have been charitable enough to set down the transaction as one of mistaken judgment. But if you and your associates stood to profit handsomely by the sale of this boat to your own Company, we would be inclined to view the matter in a different light.

To us it would appear that here was a case where a certain group stood to clean up nearly $2,000,000 by getting rid of a boat to Canada Steamship Lines which in turn would appear to have lost something like $1,500,000 in depreciation alone.

What interest, if any, was there in common between the "Bishop Navigation Co." and the president of Canada Steamship Lines, or any of the other directors, or the management?

Perhaps a list of the directors and officials of the Bishop Navigation Co. will help in providing the answer. Here it is:

President—ROY WOLVIN, now vice-president of Canada Steamship Lines, but at that time president of the Montreal Transportation Company.

Secretary—T. R. ENDERBY, then secretary-treasurer of Montreal Transportation Co. and now one of the leading operating officials of Canada Steamship Lines.

Treasurer—F. S. ISARD, then comptroller (in charge of finances) of Canada Steamship Lines—and now its managing director,

and—J. W. NORCROSS, then president, as now, of Canada Steamship Lines.

You will admit, Mr. Norcross, that this group may fairly be described as one closely associated with Canada Steamship Lines.

Did this group, as we have figured it out, clean up nearly $2,000,000 by the sale of a vessel to a company with which several of them were directly connected, and did this action, while it netted a huge profit to the former group, result in a loss so far of nearly $1,500,000 based on current market quotations?

Lest we wander apart at this point, let us observe that accounts of the adventures of the "Iver Heath" make mention not only of the "Bishop" Co., but the "Steam" Navigation Co. as well, and the United Transportation Co. of New York.

We will, if you prefer it, divide this profit with the "Steam Navigation Co.," which, it is said, put through the actual sale of the "Iver Heath," throwing in the Bishop and all the "good will." You smile at this word—so do we. No doubt good will existed, in a pre-eminent degree among the beneficiaries; we doubt its existence among the shareholders of C. S. L. Moreover, if you wish to include the "United Transportation Co.," which is mentioned as the company that operated the "Iver Heath" when it made its enormous profits—for the original holders—we are quite willing to divide these with this company also. We would like, however, to make it clear to you as well as to your shareholders and the investing public, that we have a very strong suspicion that if you took these three companies, wrote the names of the directors on slips of paper, they could be freely shuffled as between the different boards.

As we have said before, we do not blame the management of Canada Steamship Lines for mistakes that were mistakes only. To us it appears, however, that this is a clear case of directors of a company making profit out of transactions in which they bought from themselves, and in which their own company had unloaded upon it a vessel that had already passed the peak of its earning power and is to-day worth a huge sum less than you and others made it pay to your own advantage.

We fear that this case of the "Iver Heath" does not stand in the public mind as an isolated example. The purchase of the Montreal Transportation Co. has aroused suspicion. So has your Company's connection with the Davie Shipbuilding Co., where a liability of some $2,500,000 was assumed in place of $750,000 that was owing to you—it so happening that a heavy liability was transferred from the shoulders of some members of the Voting Trust.

We might cite also the story that commission of $150,000 was paid an individual in connection with the purchase of the Steamer Collingwood.

No, the "Iver Heath" profit does not stand alone, as a fomenter of public distrust.

Under all the circumstances, we feel that you have outlived your usefulness as president of Canada Steamship Lines.

We would like to convey, through you, to your managing director, F. S. Isard, our opinion that he, too, has outlived his usefulness as managing director of this Company. The vision of Mr. Isard, treasurer of Canada Steamhip Lines, writing out a cheque for Mr. Isard, treasurer of the Bishop Navigation Co.—viewed in the light of the two *profit* and *loss* accounts—somehow or other, does not appeal to us.

For you will agree that you both held, and hold to-day, positions of TRUST.

May we say in conclusion when a company is endeavoring to float an issue in these days we believe its most valuable asset is public confidence in the management as well as in the company as an industrial proposition. We have strong faith in the future of Canada Steamship Lines as our great inland water transportation system, but we do not believe that this company can prosper unless or until public confidence is restored in the directors and management of that company.

And until there is a complete clean-up of these problems, a thorough revaluation of the property, a satisfactory reorganization of the management and directorate, we cannot recommend our readers to subscribe for its securities as a sound investment.

NOTICE

To Bondholders of

The Toronto Railway Company

Interest due 28th February, 1922.

Six months' interest on this Company's bonds will be paid on the 28th day of February, 1922, at the rate of 6 per cent. per annum, in accordance with the decision of the Directors of the Company as expressed in the circular issued in August last.

As the last coupon on these bonds fell due on the 31st August, 1921, it will be necessary to pay interest by cheque upon presentation of the bonds at the Canadian Bank of Commerce, Toronto, the Agency of the Canadian Bank of Commerce, New York, or at the Bank of Scotland, London, England, as called for under the bonds as issued, at the same time endorsing receipt of payment upon the bonds.

For the information of the bondholders I beg to state that the arbitration with the City of Toronto to fix the price to be paid for the Railway Company's street railway property taken over by the city is actively proceeding before the Board of Arbitrators, consisting of Mr. Hume Cronyn (Chairman), Sir Thomas White and Sir Adam Beck.

A large part of the Company's case has now been put in, and it is anticipated that all the evidence, including that of the City, should be before the Board within the next three months.

Pending the receipt of the proceeds of the award, it is necessary for the Company to ask the further indulgence of its bondholders.

THE TORONTO RAILWAY COMPANY
J. C. GRACE, Secretary

The Montreal Cottons Limited

Operating the Montreal Cotton Co.

DECEMBER 31st, 1921

THE ANNUAL REPORT of the Directors to the Shareholders at this, the Forty-ninth Annual General Meeting, held at their office in Montreal, Room 504, Bank of Nova Scotia Building, 263 St. James Street, on WEDNESDAY, the Twenty-second day of February, nineteen hundred and twenty-two, at the hour of twelve o'clock noon.

Gentlemen:

At the beginning of 1921 we were facing very serious problems, the depression in trade necessitating the reducing of working time to four days a week from January to September.

The decline in value of all materials entering into the manufacturing of goods and of general supplies called for a consequent reduction of prices in our inventories, but, owing to a provident policy in prosperous years, we have been able to meet this situation and we now place before you what under the circumstances alluded to we consider to be a satisfactory statement of the Company's business for the year ending December 31st, 1921.

During the months of September, October, November and December business had a marked improvement but latterly it has shown curtailment. We are in hopes that the Spring trade will so improve that the plant may be kept in full operation.

The regular dividends have been distributed during the year after payment of the bond interest.

It is our painful duty to record the loss of a colleague, Sir Frederick Orr Orr-Lewis, Baronet. Apart from our experience of his personal contact, his intrinsic worth and value as a counsellor were of singular value to the Company. The Board has filled the vacancy by the appointment of Mr. John Lowe, our General Manager, as his successor.

The works have been maintained in perfect order and the whole plant is in excellent condition.

The General Manager and all the officials of the Company have discharged their duties faithfully.

The Annual Audited Statement of the Company's affairs and the Auditor's Report will now be read to you.

All the Directors retire and are eligible for re-election.

The whole respectfully submitted.

S. H. EWING,
President.

No. 1 ***Manufacturing Account***

Raw Cotton, Wages, Supplies and Chemics	$3,351,222.60	Cloth Sales	$4,488,912.81
Salaries, Incidentals and General	136,191.23	Cloth and in process	33,642.16
Repairs, Fuel, Interest, Insurance and Maintenance	649,432.38		$5,122,554.97
Gross Profits	381,103.92	Cloth in process 31st Dec. 1920	604,604.84
	$4,517,950.13		$4,517,950.13

No. 2 ***Profit and Loss Account***

Bond Interest	$30,459.65	Manufacturing Profits	$381,103.92
Bad debts	19,833.64	Interest from Investments	99,614.10
Loss Saw Mill	2,297.55		
Dividends	390,000.00		
Balance forward	38,127.18		
	$480,718.02		$480,718.02

No. 3 ***Assets and Liabilities***

Cash	$111,436.70	Open Accounts		$789,662.68
Book Debts, etc.	1,032,782.02	Advances		319,119.07
Real Estate Balances	3,307.25	Total Current Liabilities		1,108,781.75
Cloth and Waste	188,128.48	Indirect Liabilities		18,544.34
Cotton in Process	450,513.68	Bond Issue	$1,000,000.00	
Raw Cotton	408,396.56	Redeemed	389,233.00	
Supplies	366,803.41			610,767.00
Unexpired Insurance	16,315.08	Bond Issue Reserve		15,422.23
Bonds, Government	1,950,000.00	Capital Account		3,000,000.00
Total Working Assets	4,522,683.18	Reserve Machinery, Water Power and Buildings		122,578.68
Bills Receivable discounted	18,544.34	Reserve	$967,976.75	
Employees' Cottages	241,518.87	P. & L. Acct	3,316,393.91	
Mill, Land, Power, etc.	4,367,993.89	Less Gov. Taxes (1917-19)	47,851.56	3,268,542.35
		Net Profit as per Acc. No. 2		38,127.18
				$4,274,646.28
	$9,150,740.28			$9,150,740.28

JOHN LOWE, Sec.-Treasurer.

S. H. EWING,
C. B. GORDON.
Directors.

AUDITOR'S CERTIFICATE

I have audited the books and accounts of the Montreal Cottons, Limited, for the year ending the 31st December, 1921. I have obtained all the information and explanations required, and now certify that in my opinion the foregoing statements and balance sheet are properly drawn up so as to exhibit a true and correct view of the year's operations based upon the certified inventories presented, and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as shown by the books of the Company.

Montreal, February 17th, 1922.
ARTHUR H. PLIMSOLL, C.A.